





# Yugoslavs Are Getting Capitalist Lesson in Inflation

By Jackson Diehl  
Washington Post Service

BELGRADE — The well-stocked shelves of Yugoslavian stores used to be a taunt to the neighboring economies of the Soviet bloc, plagued by shortages. But now, with their ever-shifting price tags, they might also bear a warning: Communism in its modern form may induce galloping inflation.

Traditional Marxist theory describes inflation as an exclusively capitalist phenomenon. But Yugoslavia now has the dubious distinction of having the highest annual inflation rate in Europe—140 percent—and the bleak prospect of surpassing 200 percent by the end of this year, according to some local economists.

A week ago, Prime Minister Branko Mikulic unveiled new measures to break the upward price spiral, including drastic price increases accompanied by a price freeze at the new levels and some new controls on wage growth.

Diplomats said the complex measures were the strongest yet initiated by Mr. Mikulic's government, formed 18 months ago, to control the economy.

They were quickly followed by an announcement from the Yugoslav National Bank devaluing the national currency, the dinar, by 24.6 percent. The National Bank vice governor, Branko Dragas, said the currency was devalued to match the increase in producer prices, according to Reuters.

Inflation, however, has already proved invulnerable to successive government packages of wage controls, budget cuts and interest rate increases in the last four years. Previously, two partial price freezes imposed by Mr. Mikulic seemed only to worsen inflationary pressures.

The price increases, meanwhile, have been hitting consumers hardest. Even before the latest round, food prices in the last year had soared 40 percent for margarine, for example, and 50 percent for onions. Clothing

manufacturers recently tripled prices for spring fashions.

"Every day something seems to disappear from the market," a Belgrade teacher said. "That means the next day it will be back at double the price."

Belaguered political leaders and economists have come to the conclusion that the upward price spiral is deeply rooted in the way Yugoslavia has organized its economy. Although the Communism of Yugoslavia re-

shorages, both changes also encouraged inflation. Workers' councils, it turned out, have a tendency to vote themselves wage increases at the expense of investments and even profits.

The market created in Communist countries, meanwhile, tends to give producers the freedom to set prices but leaves out some of the key incentives for keeping prices down. Many companies enjoy monopoly status; imports are restricted, and, because layoffs

in office, preceded his emergency measures with a broad, long-term stabilization program.

One of the government's chief problems in trying to control price movements is its own relative lack of influence. Even though the state supervises the economy, the self-management and partial-market systems mean that state authorities have even less influence on economic developments than do their counterparts in Western countries.

This year, for example, Mr. Mikulic's government limited monetary expansion to 80 percent—well below the inflation rate—and introduced tough measures designed to force cutbacks in real wages. But thousands of companies were able to avoid the money squeeze by issuing promissory notes, a practice virtually uncontrolled by the government authorities.

These "gray emissions," or the creation of money by nongovernmental authorities, led in September to the eruption of Yugoslavia's most serious postwar financial scandal. Agromerc, a huge agro-industrial concern in Mr. Mikulic's home republic of Bosnia-Herzegovina, was found to have issued up to \$500 million worth of notes with nothing to back them.

High-level political figures, including Hamdija Pozderac, who was the federal vice president before he resigned in September, have been charged with allowing or covering up the "illegal emissions," although investigators and economists have said the problem of such notes is widespread.

Correcting the systematic problems is a slow, painstaking process. The government is counting on foreign creditors to provide leeway for stopgap measures.

In negotiations with the private banks and foreign governments that hold its \$20 billion foreign debt, Belgrade is seeking to reschedule payments. Such a move would allow it to reduce the amount of its annual foreign exchange earnings it uses for debt payments from 46 percent to 25 percent.

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"The institutional setup does tend to be inflationary," said Milorad Crljin-Brnja, planning minister for the republic of Serbia. "There are a number of very basic ingredients at work. Our problems are more complex than those of Western inflationary situations."

Beginning in the early 1960s, Yugoslavia was the first Communist country that sought to replace the central planning of the state-owned economy with a capitalist-style marketplace—a move now being tried by the Soviet Union, China and much of Eastern Europe.

Belgrade also pioneered in self-management, the system under which employees are supposed to control their own companies through workers' councils. That innovation has since spread to the Soviet Union, Poland, Hungary and Bulgaria.

Although they freed the economy from

are discouraged, many companies with stagnating productivity simply raise prices rather than cut back staff.

"The problem is that market mechanisms don't really operate," Mr. Crljin-Brnja said. "Not a small measure of inflation is induced by political decisions rather than economic decisions."

Every East European country that has pursued the market-oriented economic changes has had similar troubles. Poland, which began its program of change in 1981, has had double-digit inflation ever since and expects price rises of up to 57 percent next year. Hungary's inflation has risen to more than 30 percent, and China was recently forced to adopt strong new measures to halt an upward price spiral that had topped 10 percent for the first three quarters of the year and threatened to worsen.

In Yugoslavia, the raging inflation has become an index of the increasing disorder of a country divided into eight distinct and often feuding republics and provinces.

Mr. Mikulic, who has seen inflation rise to 140 percent from 90 percent in his 18 months

## Kenya Shifts Its Stand on Missionaries

By Blaine Harden  
Washington Post Service

NAIROBI — Kenya rescinded deportation orders on Tuesday for nine missionaries who had been linked to a purported scheme by the Ku Klux Klan to overthrow the government.

The missionaries, eight Americans and one Canadian, were told on Nov. 18 that they had a week to pack up and leave. They spent the last week selling or giving away their belongings and were scheduled to fly out of Kenya on Tuesday night.

But they were called Tuesday morning to immigration headquarters in Nairobi and told that they were free to continue their missionary work in Kenya. According to three persons who attended the meeting, the government gave no explanation either for why the missionaries had been ordered to leave or why they were allowed to stay.

The reversal of the expulsions, which a senior American diplomat said came after diplomatic complaints from Washington, punctuated a curious affair that forced seven other American missionaries to leave the country on Nov. 13 and provoked acerbic speeches from Kenyan officials.

The affair has soured relations between the U.S. government and Kenya, long regarded as Washington's closest ally in sub-Saharan Africa.

The reported coup plot was based on a letter written on stolen stationery from a small church in North Carolina. The letter, which U.S. diplomats said was a forgery, purported to be a fund-raising appeal to members of the Ku Klux Klan. It detailed missionary participation in what was said to be a plan to topple the government of President Daniel arap Moi.

Officials in Nairobi said the Kenyan government itself had ordered local newspapers to give banner headlines to the plot, which U.S. diplomats quickly labeled as ludicrous.

Late last week, after it became apparent to Kenyan officials that the plot was a hoax, government complaints about "evil foreigners" stopped. Without any explanation, all coverage of the matter disappeared from local newspapers, television and radio.

"It would seem the government has dug itself into a hole and can't get out," a Western diplomat said. "After having jumped up and down, they don't know what to do."

The nine missionaries who were given a reprieve Tuesday work in western Kenya, where they run a clinic for children from the Pokot tribe and operate well-digging equipment.

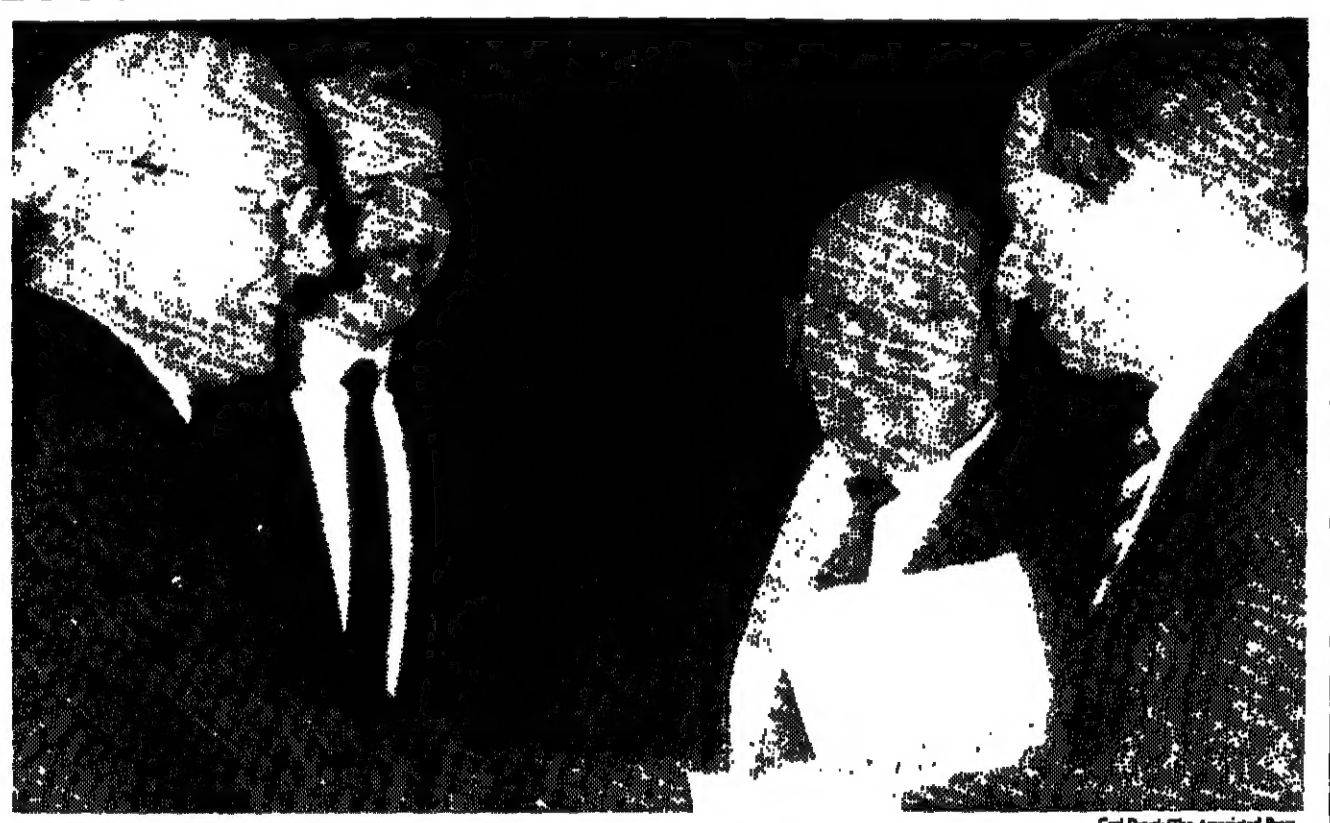
## Pretoria Ousts Photographer

The Associated Press

JOHANNESBURG — South African authorities have ordered a U.S. photographer on assignment for National Geographic magazine to leave the country by the end of the month, the government said. David Turney, 32, who also is a staff photographer for the Detroit Free Press, sent "biased photo material" overseas, the government said, without elaboration.

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EC farm ministers in Brussels during a break Tuesday in talks on spending cuts. From left, Filippo Mario Pandolfi of Italy, Marc Fischbach of Luxembourg, Ignaz Kiechle of West Germany and François Guillaume of France.

## EC Ministers Split in Talks on Farm Spending

The Associated Press

BRUSSELS — European Community foreign and agriculture ministers remained divided Tuesday on how to curb EC farm spending and put the trade bloc on a sound financial footing.

EC diplomats predicted that a solution might not be found in time for the EC summit meeting in Copenhagen scheduled for Dec. 4-5.

"I am very worried," Foreign Minister Uffe Ellemann-Jensen of Denmark said, adding, "Time is running out for us."

He said his government, which holds the

six-month rotating EC presidency, had given the farm ministers until Wednesday to agree on cuts in the farm budget. The ministers began meeting on Monday.

If they fail to reach agreement by Wednesday, Mr. Ellemann-Jensen said, the matter will be submitted to the foreign ministers on Sunday at a special meeting in Brussels.

The agriculture talks focused on a proposal by the EC Executive Commission for "budget stabilizers," mechanisms that would automatically trigger spending cuts in individual farm sectors when outlays reach a set level.

The ministers met until 7 A.M. on Tuesday

and resumed negotiations at 3 P.M. Before the talks resumed, Agriculture Minister Lauris Torgler of Denmark reported to the foreign ministers, meeting separately at the EC headquarters, on the agriculture talks.

"The first day of the talks has not led to solutions in any part of the package," Mr. Ellemann-Jensen said.

Britain opposes any increase in the EC's budget if farm spending, which amounts to about 70 percent of all its budgetary outlays, is not brought under control.

However, West Germany and France oppose measures that would undermine farm incomes.

## Smoking Ban Widened on U.K. Subway

Compiled by Our Staff From Dispatches

LONDON — The London Underground extended a smoking ban Tuesday to all parts of the subway network, citing evidence that a cigarette may have caused the fire that killed 30 persons last week.

Also Tuesday, a lawyer for relatives of three of the victims said their family would sue the Underground's operators.

After his statement, a coroner's inquest into the deaths was adjourned to await the outcome of a public inquiry into the fire at King's Cross, London's busiest Underground station.

St. Keith Bright, chairman of London Regional Transport, said a total ban on smoking was put in force Tuesday at all 273 Underground stations.

Smoking had been banned on trains and subterranean platforms since January 1985 after a fire at Oxford Circus station. The rule now covers ticket halls and surface platforms as well.

Investigators have said the fire Wednesday at King's Cross started about two-thirds of the way up a wooden escalator. Published reports have suggested that a discarded cigarette slipped through a gap in the escalator's slatted steps, possibly igniting grease and debris.

The British Transport Police, who are heading an investigation into the fire, were expected to announce preliminary findings Monday, but the announcement was postponed pending the public inquiry by the government.

Judge Desmond Fennell, who was appointed to head the public inquiry, said preliminary hearings would begin next week. (AP, Reuters)

## Josef Begun, Soviet Activist, Gets Visa but Delays Over Son's Status

By Celestine Bohlén  
Washington Post Service

MOSCOW — Josef Begun, a leading Jewish activist and former political prisoner, received a visa Tuesday to emigrate to Israel, but he said he would not use it until his 23-year-old son, Boris, was allowed to leave the Soviet Union as a Soviet citizen.

"Without my son, I will not go," said Mr. Begun, 54, a former Hebrew teacher who was released from prison in February. He and his wife, Inna, were told in September that their application to emigrate had been approved. Their visas expire Dec. 8.

Mr. Begun said his son's visa was also ready but was withheld when he insisted on keeping his Soviet citizenship. Unlike other citizens leaving the country, Soviet Jews emigrating to Israel are required to renounce their citizenship.

"Boris requested an external passport like any other citizen leaving the country," Mr. Begun said. Stripping emigrants to Israel of their passports constitutes "clear discrimination" with no basis in law, he said.

After receiving verbal permission to emigrate, Mr. and Mrs. Begun said they would not pick up their visas until obstacles to the emigration of Boris and his family had been cleared.

The initial problem was objections raised by Boris's parents-in-law, who had the right to block their emigration on the basis of financial claims.

On Monday, that right, known among would-be emigrants as the "poor relative" clause, was waived by the authorities.

Earlier this autumn the Soviet government newspaper Izvestia accused Mr. Begun of stalling his de-

parture on the advice of Israeli intelligence.

The newspaper said an Israeli who was in Moscow for the city's book fair in September told Mr. Begun he would be of more use to the cause of Jewish rights if he stayed in the Soviet Union.

"Secrets Discussed" Felicity Barringer of The New York Times reported from Moscow: About 100 Soviet Jews, united by their inability to emigrate, crowded into a two-room apartment Monday in Moscow to discuss state secrets: the secrets that keep them from leaving the Soviet Union, the secret process by which holders of secrets are identified and the reason the secrets are secret.

The gathering, the culmination of months of research by would-be emigrants from the ranks of scientific and technological professions, was an attempt to collate bitter individual experiences, an attempt by people whose professional lives were once permeated with logic to explain a fair they find irrational.

"State secrets have been a skeleton in a closet," Tatiana Zimna, one of the organizers, said later. "We want to break the spell that hangs over this word 'secret.'"

Security considerations have been cited in the cases of the vast majority of Soviet Jews who have been denied exit visas this year.

It is not known how many Soviet Jews have been told they are security risks by the visa authorities, who almost never provide written verification of what they say. Conference organizers put the number at 2,000 to 10,000.

Protesters Beaten The authorities beat Jewish demonstrators who protested near the visa office Tuesday, and harassed

Western journalists, protesters and reporters said. The Associated Press reported from Moscow.

Eight protesters demanding that a Jewish family be allowed to emigrate were arrested, said one of the eight, Vladimir Meshkov. He said he and three others were fined, and the other four were given prison terms.

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## Li Is Named Acting Prime Minister by China Panel

By Daniel Southard  
Washington Post Service

BEIJING — Vice Prime Minister Li Peng, 59, a Soviet-trained engineer, was named acting prime minister on Tuesday by the standing committee of the Chinese legislature, following the resignation last month of Zhao Ziyang.

Mr. Zhao, after the Communist Party congress in October, became the party's general secretary, the highest position in China. The office of prime minister is considered the second most important.

Although Mr. Zhao and Mr. Li hold the two main leadership positions, on is believed to remain in the hands of Deng Xiaoping, the senior leader, who retired from all but one of his official posts at the party congress.

Mr. Li is all but certain to be named prime minister on a permanent basis when the National People's Congress, the legislature, meets in March.

According to the official Xinhua news agency, Mr. Zhao formally recommended that Mr. Li succeed him. But Mr. Li apparently was not Mr. Zhao's first choice for the job.

Instead, Mr. Li is seen as a compromise candidate acceptable to several groups, including traditional party elders.

In a speech made immediately after his appointment, Mr. Li declared that he would adhere to party principles and to "carrying out various reforms and opening to the outside world." He said he would work to maintain stability and unity and do his best to "accelerate the country's modernization drive."

He is regarded as a technocrat but some Chinese fear that he is "conservative" in his views and may slow down some of the country's most innovative economic reforms.

Mr. Li said Tuesday that economic development should be "further stabilized," an indication to some observers of Mr. Li's cautious approach to reform.

Many intellectuals and university students distrust him because they believe that his rise to power has been based more on his personal connections with senior leaders than on his abilities and achievements.

Mr. Li's father was a "revolutionary martyr" who was captured by the Nationalist Chinese in 1930 and executed when Mr. Li was only 3. The late Prime Minister Zhou Enlai and his wife, who were childhood friends, became Mr. Li's foster parents and, some accounts say, raised him as if he were their own son.

Unlike the older leaders who fought in the war against the Japanese and Nationalist Chinese, Mr. Li has no battlefield experience. He made his way to the top through his connections, hard work and technical expertise as a hydropower engineer.

Mr. Li joined the Communist Party in 1945 at age 17. After studying for seven years in the Soviet Union, he held successive jobs in the power industry. But Westerners who have met him do not consider his Soviet training to be a major obstacle to a continuation, or even a strengthening, of China's ties with the West.

Western diplomats are divided in their view of Mr. Li's approach to economic reforms. He remains something of an enigma to many foreigners, despite his long bureaucratic career and numerous public appearances.

In a recent book, Kenneth Lieberthal and Michel Oksenberg, China scholars at the University of Michigan, describe Mr. Li as a cautious reformer, noting that he "does not believe in the magic of the marketplace."

Many diplomats agree that his views are not fundamentally different from those of Mr. Zhao except when it comes to the scope and pace of reform. They describe Mr. Li as a "go slow" reformer.

## Iranians Report Quake

The Associated Press

NICOSIA — An earthquake that registered 5.5 on the Richter scale shook Mesched province in northeastern Iran on Tuesday.

## WORLD BRIEFS

### Thailand Copyright Bill Creates Crisis

BANGKOK (Reuters) — A bill to protect private copyright interests in Thailand has created a government crisis, political sources said Tuesday. The four parties in the governing coalition were holding separate meetings aimed at averting a possible government collapse.

The sources and foreign diplomats said Prime Minister Prem Tinsulanonda, a retired army general, might have to dissolve parliament or resign Wednesday if dissidents in his coalition prevent approval of a first reading of the bill. The bill has been offered under pressure from Western governments, particularly the United States, to end the widespread practice in Thailand of manufacturing goods without regard to copyright restrictions.

"This is the biggest crisis in Prem's government since he was re-elected in August last year," a source close to the discussions said.

### World AIDS Research Unit Proposed

WASHINGTON (WP) — Dr. Robert C. Gallo, the most prominent AIDS researcher in the United States, has entered "serious, substantial" negotiations to leave the National Cancer Institute and establish an international AIDS research center at a major university.

Dr. Gallo said that he wanted to establish "the world's foremost institute of human virology" and that several leading scientists at the cancer institute, part of the National Institutes of Health, and at other institutions had expressed an interest in joining him.

Sources in the federal health community said Monday that, in addition to Dr. Gallo and other leading U.S. researchers, a French virologist, Dr. Luc Montagnier of the Pasteur Institute in Paris, might have a role in the proposed enterprise. Dr. Gallo will meet with Dr. Montagnier to discuss options next week, according to sources. Until March, the two were locked in a feud over who would get credit for discovering the virus that causes acquired immune deficiency syndrome. On March 31 they signed an agreement that designated shared credit, and Dr. Gallo said that he and Dr. Montagnier speak on the telephone "every third day."

### Tokyo Police Arrest Terrorist Leader

TOKYO (NYT) — After a long manhunt, the Japanese police have arrested a leader of the Red Army, a terrorist group responsible for the 1972 killings of 24 persons at Israel's Lod Airport near Tel Aviv.

The police said Tuesday that they arrested Osamu Maruoka, 37, on Saturday, as he entered Japan from Hong Kong. He is believed to be the second in command of the group, which emerged in Japan in the late 1960s.

Some reports said that the police suspect that Mr. Maruoka played an important role in the attack on the Israeli airport, now called Ben-Gurion Airport. Since 1972, the group has committed other incidents, including two Japan Air Lines hijackings in 1973 and 1977, and an attack on the Japanese Embassy in Kuala Lumpur in 1975.

### Karpov Wins 16th World Chess Game

SEVILLE, Spain (Reuters) — Garry Kasparov, the reigning world chess champion, resigned the 16th game of his title defense on Tuesday without resuming play, putting the challenger, Anatoli Karpov, back in contention to regain the title he held from 1975 to 1985.

Mr. Kasparov sealed his 41st move on Monday but later decided his pawn deficit and passive position did not warrant continuing. After 16 of the 24 scheduled games, the match is tied at 8-8. Mr. Kasparov has the advantage of retaining the title in the event of a 12-12 tie.

### Italy Braces for General Strike

ROME (AFP) — Italy was facing its first general strike in seven years Wednesday as the country's three largest trade unions protested government economic policy.

Factory work was to halt and trains and planes were to stop operating for four hours Wednesday, beginning at 9 A.M. Bank employees and civil servants were to stay away from work all day, and there were to be no newspapers. Hospitals planned to carry out emergency operations only. The unions also scheduled demonstrations nationwide.

The strike is meant to protest growing unemployment and the proposed 1988 national budget, as well as to show support for southern industrial development and increased pensions.

### Charles Urges Cleanup of North Sea

LONDON (UPI) — Prince Charles opened the second International Ministerial Conference on the Protection of the North Sea on Tuesday by urging European ministers to clean up what he called "a rubbish dump."

The prince spoke in the Queen Elizabeth II Conference Centre, outside, six members of the Greenpeace environmental group wearing gas masks and protective suits handcuffed themselves to eight barrels that they said contained toxic chemical waste dumped into the North Sea. The barrels had the names of the nations attending the two-day conference.

The police arrested the protesters, and firemen took away the barrels, saying later that the liquid in the containers was harmless. Environmental ministers from Britain, Norway, Sweden, Denmark, Belgium, the Netherlands, France and West Germany are attending.

### For the Record

NBC News will broadcast an interview with Mikhail S. Gorbachev, the Soviet leader, in the United States on Monday evening. (7P)  
The Zimbabwe police have detained six whites, including a British and Canadian, on suspicion of spying on the outlawed African National Congress for South Africa, attorneys said Tuesday. (AP)

## TRAVEL UPDATE

Work on an ocean liner with the largest passenger capacity, 2,600 people, has been completed and the ship will begin sailing between Florida and the Virgin Islands on Jan. 16, officials said. The Sovereign of the Sea was constructed in France for the American cruise market. (UPI)

Heavy snow fell in northern Spain on Tuesday for the first time this year, cutting off villages and mountain passes, the police said. (Reuters)

Delta Air Lines has received approval from South Korea for service from Atlanta to Seoul, according to company officials in Atlanta. Delta plans three round-trip flights a week, beginning Dec. 15. (Reuters)

## Correction

A headline in some editions Tuesday misstated the extent of Towers Financial Corp.'s holding in Pan Am Corp. The Towers group owns less than 0.1 percent of Pan Am's stock.

## In Korea, Fear of Tainted Election Grows

By Clyde Haberman  
New York Times Service

SEOUL — Many South Koreans say they are worried that the democratic progress in their country could be endangered if next month's presidential election appears tainted by vote-buying and other dubious campaign tactics.

Concern about a fair election has prompted both South Korean and foreign groups to form observer teams, most of them sympathetic to the opposition. It is reminiscent of the monitoring that took place in the Philippines during the campaign between Corason C. Aquino and Ferdinand E. Marcos.

The two main opposition contenders, Kim Dae Jung and Kim Young Sam, already have made clear that they will charge fraud if the government party candidate, Roh Tae Woo, is declared the winner. Both Kims insist that Mr. Roh could finish no higher than third in a fair election.

They and their aides accuse the ruling party officials of

ruling camp of an extensive campaign to buy votes and to fill rallies with hired hands, tapping a war chest that they put at more than \$1.2 billion. That figure is dismissed by officials of the ruling Democratic Justice Party as wildly inflated, although they do not provide alternative numbers.

The Kims also maintain that they are the victims of unfair coverage by the government-controlled television network, which invariably give top billing and longer air time to Mr. Roh. In several instances over the last few weeks, videotapes were clearly edited to flatter him and to make the Kims look bad.

Opposition leaders, including religious figures and students, have held rallies to demand that the government of President Chun Doo Hwan resign because, supposedly, it is incapable of supervising a fair election. In its place, they demand a "neutral cabinet."

Ruling party officials responded

that the Kims are simply looking for excuses in case they are defeated, to deflect future criticism that they lost mainly because they split the anti-government vote. Taking their turn on the offensive, these officials basically call the Kims liars, citing their failure to keep a pledge to join forces behind a single opposition candidate.

Campaigning in the country's southwest on Monday, Mr. Roh asserted that the election would not be manipulated.

How much money is being poured into the campaign is not clear. But there is no question that by Election Day, Dec. 16, each party will have spent far more than its legal limit of \$17.4 million. That is especially true for the Democratic Justice Party, which has much greater access to wealthy contributors.



BRIEFS

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**Terrorist Leads**



Osama bin Laden

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# U.S. Panels Didn't Press FBI or CIA In Iran Affair

By Walter Pincus  
 Washington Post Service

WASHINGTON — Despite new evidence presented in their final report of questionable CIA and FBI involvement in the Iran-contra affair, the congressional panels investigating the scandal decided not to make a major issue of the activities and declined to subject senior officials of either agency to detailed questioning.

Committee leaders had tentatively planned to call as public witnesses the director of the Central Intelligence Agency, William H. Webster, who headed the Federal Bureau of Investigation during the Iran-contra affair, and the deputy CIA director, Robert M. Gates, the No. 2 man during most of 1986 under the former director, William J. Casey. But neither appeared.

Mr. Webster was not even asked to give a deposition by the committees, according to committee officials, although he and his agents played a key role last year in the initial investigation of the secret Iran arms sales and were linked to Lieutenant Colonel Oliver L. North, when he was a White House aide, in other earlier activities involving U.S. military support for the Nicaraguan rebels at a time when such support was barred by Congress.

Mr. Gates was questioned under oath for only two hours by the committee staff and "trumpeted his lack of knowledge" of the Iran-contra affair, according to one committee investigator who was present. Mr. Gates also appeared before the Senate Select Committee on Intelligence during its preliminary inquiry in December into the scandal and testified before the Tower review board, appointed by President Ronald Reagan, early this year.

One source of pressure for special treatment for the two agencies and their bosses came from Senate and House intelligence committee members, particularly the chairman of the Senate panel, David L. Boren, Democrat of Oklahoma. Mr. Boren wanted any detailed inquiry to be made by the intelligence panels, according to Iran-contra committee members.

Mr. Boren openly argued against calling Mr. Gates in public and later raised questions about the approach taken by committee lawyers in Mr. Gates's private deposition, according to committee sources.

Mr. Boren has said that Mr. Gates had already been questioned at length about his role in the Iran-contra affair.

A special chapter in the committees' report discusses suspected National Security Council staff interventions in criminal prosecutions, including incidents involving Colonel North and FBI officials, but never mentions Mr. Webster.

The report also has a chapter describing privately funded covert operations, including one in 1985 and 1986 to ransom U.S. hostages using personnel from the Drug Enforcement Administration, under Colonel North's direction, and financed in part by money from a Texas businessman, H. Ross Perot.

Mr. Webster was aware of the operation, according to committee officials. The Iran-contra report said these efforts might have violated U.S. laws.

Evidence available to the committees showed that Mr. Webster was also aware of an operation in mid-1985 involving both the FBI and the CIA that used \$100,000 from Mr. Perot in another unsuccessful plan to pay ransom for a U.S. hostage.

Mr. Webster's only meeting with Iran-contra committee staff occurred in an interview arranged primarily to get assurances that the FBI would continue to supply information even though Mr. Webster was moving to the CIA.

Mr. Webster appeared twice before the Senate intelligence committee in connection with his nomination as CIA director, promising to disclose all the FBI contacts with Colonel North. But additional information on Colonel North's contacts with the bureau continued to appear well after Mr. Webster was confirmed by the Senate and took his new job.

The majority report disclosed that CIA officials were far more knowledgeable about the Iran arms sales than previously revealed. Newly disclosed documents described in the report show that some agency operatives heard as early as spring 1986 that a diversion of profits to the contras was being openly discussed by Colonel North and an Iranian middleman, Manucher Ghorbanifar.

These findings raise questions about the assurances Mr. Gates gave during his congressional appearances that he had no hints of a diversion until a CIA official, Charles Allen, came to him in October 1986.

The Iran-contra report says Mr. Allen, the CIA's top intelligence officer for counterterrorism, interviewed Mr. Ghorbanifar in January 1986 and recorded in his notes that the arms sales "could be used for 'Ollie's boys in Central America.'"

## AMERICAN TOPICS



NOVEMBER RITE — President Ronald Reagan admires a 55-pound turkey flapping its wings during the annual turkey presentation at the White House. The bird, raised in Virginia, was donated by Gordon Wahs, president of the National Turkey Federation.

### History Texts Called Big, Bland, Skewed

Public school textbooks in American history have been criticized for being bland. A new report by the Educational Excellence Network, a private group, repeats that charge and adds that the books are just too big and heavy as well, and that they strain too hard to cover racial minorities and women. The report was based on reviews by a panel of 12 historians, authors, editors and journalists of texts for pupils aged 10 to 16.

The reviewers all stressed the sheer size of the books, daunting, fearsome and intimidating, even to the child or teen-ager drawn to reading," the report says.

"No one will ever curl up, cuddle up with one of these behemoths," concluded Professor Robert Nisbet with some exasperation. "Perhaps the schools insist upon such weight as a means of discouraging pupils from ever taking a book home to read, and thus making loss."

The books, "to be television-competitive," use so many "photographs, diagrams, charts, boxes, subunits, study exercises, skills applications" that the

is reduced to "a bloodless subset of a workbook." Indeed, "great strides have been made to make textbooks attractive to kids. But this is the attractiveness associated with cereal boxes."

"Christopher Columbus has not left the scene," but "in some cases the textbooks' effort to focus on women, blacks, Indians and other groups is superficial, forced, and occasionally ridiculous."

### Short Takes

Employees at the Showboat casino in Atlantic City summoned the New Jersey State Police when two men tried to buy \$2,210 worth of chips with a bag full of \$1 bills. The men said they were involved in a vending machine business, but a quick check showed they were employees of the Southeastern Pennsylvania Transportation Authority responsible for collecting the \$1.25 fares from fare boxes and ticket offices. They were arrested and charged with possessing stolen property.

Robert H. Bork's hopes of serving on the Supreme Court have not been totally dashed.

Mr. Potato Head has kicked the smoking habit. For the past 35 years the molded plastic toy has come with a set of removable eyes, ears, nose, lips, teeth, hat, arms, shoes, eyeglasses and pipe. This year the manufacturer, Hasbro Inc., has dropped the pipe. Harmon J. Eyre, president of the American Cancer Society, said he welcomed the decision.

Senator Jesse Helms of North Carolina, an outspoken conservative, says he might be interested in the Republican nomination for vice president. "If there could be a vice presidency where you just don't run around cutting ribbons but stay here and do the job of presiding over the Senate, I'd consider it."

Representative Jack F. Kemp of New York, who is running for the Republican presidential nomination, said in a speech to the lawyers' division of the Federalist Society for Law and Public Policy Studies, a conservative and libertarian advocacy group, that if he is elected he would have "no hesitation" in resubmitting Judge Bork's name. This brought prolonged applause.

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## Few Feel Called to Return 'Miracle' Money

By Isabel Wilkerson  
 New York Times Service

COLUMBUS, Ohio — At 9:30 A.M. on Oct. 28, a miracle happened here. It was the kind of thing people pray for or dream of but figure will never happen to them in a million years.

That morning, traffic was normal on Interstate 71 when the back door of an armored truck suddenly flew open and bags of money spilled out.

Cars behind the truck hit the bags, splitting them open, and hundreds of thousands of dollars rained over the highway for more than a mile.

When motorists realized that it was not maple leaves but \$100 bills blowing about, they braked in the middle of the highway to clean up.

People on nearby ramps jumped over guardrails to get to the money. The word went out on citizens band radios. People came from across town. They stuffed \$20, \$50 and \$100 bills in coat pockets, pants pockets and purses, and carried whole bundles to their cars, smiling and praising their good fortune.

Now, the authorities trying to track down the money are having considerably less success persuading those people to come forward.

A million dollars blew over Interstate 71 that day. The officials have pleaded with people to return the money willingly, and the armored truck company has offered a 10-percent reward. So far, only about \$100,000 has come in.

The officials say they will prosecute any thiefing motorist they can find. However, if public reaction is any indication, the armored car company may never see the remaining \$900,000. Some people have already called the local newspaper to vow not to give the money back. One man said he was set for life and leaving town.

The Metropolitan Armored Car Co. has declined to say if the bills were marked, but officials hope to identify suspects from photographs taken by a passerby. They show people stooping over money that sits thick as a yard-full of leaves.

One shows a woman kneeling on the freeway. "She's either praying or she's scooping up a lot of money," a police detective said.

The incident has taught many in Columbus that, when temptation lights on your windshield, anyone can weaken, even people in this pillar of Midwestern integrity.

"May they have many sleepless nights," said Mayor Dana G. Rinehart of Columbus. He suggests that most of the thieves were motorists from Cleveland.

There were no accidents at the spill site, but traffic backed up for miles as gleeful motorists helped themselves.

When the police arrived, 200 people were swarming about, mak-

ing off with whatever they could carry. Hundreds more tried to get to the cash before being turned back by the police. The tardy recently accused officers of taking a few bills themselves.

Melvin Kiser, a telephone repairman, picked up more than \$57,000 that morning. He was heading to his first job of the day when "the highway started to cloud up," and he heard the screeching of brakes. He jumped out of his Ohio Bell truck and scooped up wads of \$100 bills. He piled them in his truck and thought, "There's my new tractor."

Mr. Kiser kept the cash for a while and then persuaded himself to turn it in.

"It took me two hours to get a hold of myself," he said. "I was kind of afraid to count it. There was a lot of loose stuff. I figured I had about \$7,000, and then I

looked at some of the money bands and saw they were groups of \$10,000. Instead of three zeros like I thought, it was four zeros."

He was among the first to turn money in and later got a 10-percent reward. About 30 other people have come clean, too. One person mailed \$3,000 in cash to the armored car company a week later. The cash came in six envelopes postmarked Cleveland with no return address or explanation.

Many people have told Mr. Kiser that he was crazy to return the money. Others figure he must have shaved off at least a couple of hundred. That is what they would have done, they say. It is that attitude that will make it tough to convict the offenders, said Michael Miller, the Franklin County prosecutor.

"Probably two-thirds of the jurors would think the defendant

should have kept the money," he said.

Most of the cash, which reportedly was insured, came from local banks, so "the owner is looked upon as some intangible, nonexistent paper organization that does not live or breathe and, therefore, does not care," he said.

That is why people who missed out on the miracle of Interstate 70 are kicking themselves. "You'd have thought some of it would have blown this way," said John Turner, a used-car salesman whose lot overlooks the spill site.

Others say it is never too late. For days, search parties converged on the grassy slope there, hoping to find a few stray bills. The vigil has waned, but every now and then a few lone figures can be seen perusing the grounds, hoping that maybe they, too, will get lucky.

## UN Opens Its War Crimes Archives

By Ralph Blumenthal  
 New York Times Service

NEW YORK — The war crimes archives of the United Nations have been fully opened to a member nation for the first time as U.S. Justice Department historians began poring over files containing 40,000 names of accused or suspected war criminals.

"It is a major development," said Neal Sher, director of the Justice Department's Office of Special Investigations. The office had been trying to gain free access to the files, kept in New York City, since at least 1983. Until Monday, the office had to ask by name for any individual file it wanted.

"We are very hopeful that what we will find in those files will aid in actual prosecutions and identify new cases in the United States," Mr. Sher said. "They might also identify people who should be kept out."

Applications just now have been prepared, however, and it appears that it will be weeks before any will be approved. The United States Mission said that applications from U.S. citizens would have to be sent

to the office of the historian in the Bureau of Public Affairs of the State Department in Washington.

Virtually all of the hundreds of cartons of files have been put on microfilm. Those that have not may be examined in the original. Peter Black, a supervisory historian of the special investigations unit, said that the files were on 29 rolls of microfilm with 1,500 to 2,000 frames, or pages, on each roll.

In all, he said, there were 8,000 to 9,000 files containing about 40,000 names. He said the review should take at least two weeks.

### Fatal Hungary Mine Cave-In

The Associated Press

BUDAPEST — Three Polish miners were trapped Tuesday when a wall caved in at the Moszkowice mine in southern Hungary. They were rescued, but one died of injuries, Hungarian radio reported.

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# Herald Tribune

Published With The New York Times and The Washington Post

## Letting the Markets Rule

Now that President Reagan and the congressional leaders have agreed to reduce the budget deficit, what comes next? There is an uneasy pause as they wait for a reaction. The stock market rose a little on Monday, but the dollar's exchange rates fell again. The unproductive struggle over the budget for the past month has demonstrated chiefly that the U.S. government is unable to find either the will or the inspiration to make more than the most minor changes in its budget policy.

When you hear that the deficit is to be cut \$30 billion this fiscal year, you need to ask: Cut from what level? The answer is that these cuts are calculated from the deficits that would otherwise occur, and those deficits are rising. The \$30 billion cut this year, if it actually happens, will do little more than to hold the deficit to the same range as last year, when it was \$148 billion. The \$46 billion cut proposed for 1989 would be similar.

The message to the financial markets is that Mr. Reagan is leaving the present deficit to his successor, and that Congress is not strong enough to impose any alternative of its own. There was great progress in deficit reduction last year, much of it unexpected, but the present compromise warns the world not to expect much more until the next president has taken office and begun to work on his own budget.

## Trouble Made in Cuba

It is not hard to understand why Cubans held prisoner by U.S. immigration officials would run amok at sudden news they are to be deported. Reasonably or not, many believed they would remain in the United States, whatever their problems with the immigration and criminal justice systems.

In fact, however, the United States owes nothing to those who committed serious crimes. In offering the rioters a moratorium on deportations, Attorney General Edwin Meese rightly recognizes the need for a fair case-by-case review, no more and no less.

It speaks volumes about Fidel Castro's tropical Utopia that the Cuban prisoners riot at the first rumor they might have to return. A revived agreement between Washington and Havana declares that Cuba now would accept 2,700 judged excludable.

This is the second pass at resolving a problem of Mr. Castro's making, one revealing a mean turn of mind. In 1980, during the exodus of 120,000 Cubans from Mariel, he opened jails and mental hospitals, to foist Cuba's least desirable citizens on the United States. Two years ago Cuba agreed to take back "excludables," those whose prior record made them ineligible to settle in the United States. Additionally, the United States said it would admit 3,000 political prisoners and up to 20,000 immigrants a year. But the deal was blown away by Mr. Castro's anger at the May 1985 inauguration of Radio Martí, a Voice of America service that since has shown its worth.

Mr. Castro reinstated that agreement last week, but without any mention of Radio Martí. The pact recognizes, properly, that the "excludables" are a Cuban responsibility. It also recognizes the human rights value of providing asylum for Cuban political offenders and reuniting divided families. Agreement on these issues removes the biggest bar to less hostile U.S.-Cuban relations.

For U.S. officials, the violent objection of the Cuban prisoners raises an issue of instituting the agreement. Those who committed serious felonies in Cuba deserve deportation, as do those who did so in the United States. Those whose crimes in either place are minor may not, Mr. Meese deserves support for sticking to that principle, without yielding more to rampaging prisoners.

—THE NEW YORK TIMES

## Carter Gets It Wrong

The argument over Speaker Jim Wright's role in the Nicaraguan talks was taken to an unhappy new place over the weekend by Jimmy Carter. The former president met plenty of frustration at the hands of Congress in making his foreign policy. Yet he now states a position that broadly justifies congressional intervention in a diplomatic negotiation, and justifies it on terms that promise only grief to presidents.

"Had the president and secretary of state been carrying on their duties to try to enhance the peace in Central America rather than being the major obstruction of peace, then I don't think the speaker would have to take the actions he did," Mr. Carter said. Translation: Mr. Wright perhaps behaved questionably, but the president made him do it. Can you imagine any Congress that could not find enough fault in something a president did to justify the act of his choice?

But the Carter contribution to the unending and unendable argument over the powers of the president and Congress was not the most interesting aspect of his remarks. Jimmy Carter is not your ordinary critic of Nicaragua policy. He is a former president and the one on whose watch the Sandinistas took power. His dream was to see Nicaragua make a peaceful transit from dictatorship to democracy, a former aide, Robert Pastor, writes; his nightmare was the San-

—THE WASHINGTON POST

## Other Comment

### Reagan Can Still Be Firm

As his meeting with General Secretary Gorbachev approaches, President Reagan no longer bears the aura of invincibility of his first years in office. But Mr. Gorbachev, too, has been worn down by the struggle to stay in power and push his program through. Both leaders need a resounding foreign policy success, but both must be careful not to make mistakes at the last minute under the pressure to produce results. The consistency and the decisiveness which Mr. Reagan has shown so far indicate that he will maintain the firmness and sense of proportion which can be the only guarantee of success.

—New Zürcher Zeitung (Zurich)

### Scapegoats in Kenya

Student unrest is nothing new in Kenya, but the worrying aspect of last week's riots in Nairobi, sparked off by the arrest of seven student leaders, was the brutality with which the police responded. Students were clubbed and teargassed by police and paramilitary guards as a prelude to the indefinite closure

—The Times (London)

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## Challenge the Soviets With a U.S. Strategy For Accommodation

By Zbigniew Brzezinski

WASHINGTON — The approaching visit by General Secretary Mikhail Gorbachev to sign an agreement on intermediate-range nuclear weapons comes at a perplexing, even dangerous, time for the Reagan administration.

Many leading Republicans are denouncing the agreement, even as the currently left-of-center Democratic mainstream is not only hailing it but urging economic aid for Moscow.

That the president's own party is rebelling was vividly demonstrated at the Houston debate between the Republican presidential candidates. All but one denounced the treaty as risky, unverifiable and damaging to U.S. relations with Europe. The support paradoxically offered by Democratic candidates can be only a mixed blessing for Mr. Reagan. For that support is dominated by a passion to cultivate Mr. Gorbachev's good will through unilateral American concessions — not only offers of economic aid but also pledges to scrap the MX missile, abandon the Strategic Defense Initiative and cut the defense budget.

The administration seems to have become preoccupied with nuclear arms control, abandoning its earlier advocacy of a policy that would compel the Soviet Union to stop its regional adventurism and become more respectful of human rights.

The president should take time to fashion a thoughtful and strategic approach to the Gorbachev visit. Hailing the useful but limited INF accord as a "historic breakthrough" or letting the summit meeting degenerate into a festival of feigned friend-

ship risks playing into Soviet hands.

For Moscow, the ideal summit meeting would be one at which attention is focused on arms control; at which an agreement of middling importance is hailed as ushering in a new era in U.S.-Soviet relations; at which painful issues such as Afghanistan are largely ignored. After such a meeting, Mr. Gorbachev could appeal to the American people for an end to technological-military competition (which is imposing major strains on the Soviet economy) and for Soviet access to American know-how and capital.

It is a safe bet that the mass media, and perhaps some in Congress, will stand on their heads to facilitate Mr. Gorbachev's public relations.

So it is important for the president to try to replicate the success of his first meeting with Mr. Gorbachev in Geneva and to avoid the setback he suffered during their meeting in Reykjavik. In Geneva, Mr. Reagan set the tone and made it clear that a genuine improvement in the relationship required progress on a broad front.

In Reykjavik, the president and his secretary of state fell into a Soviet trap, agreeing to negotiate on the spot (without the secretary of defense present) some highly specific Soviet proposals focused exclusively on nuclear weaponry. The result was a widespread perception that the United States had been outmaneuvered.

Seizing the initiative at the Washington summit meeting should not mean that the president would have to engage only in a general discussion. Rather, he should pre-empt Mr. Gorbachev's efforts to portray the



INF agreement as a basic turning point in the relationship by placing on the table several negotiating proposals for the following year.

Elements of such a strategy of genuine accommodation, in addition to a strong reaffirmation of the U.S. concern for human rights, might include:

1. The framework for a strategic arms agreement and a general formula for a compromise on strategic defenses, permitting development and testing in return for a longer extension of the anti-ballistic missile treaty.

2. A proposal for a major reduction in conventional offensive weapons stationed in Central Europe, thus pre-empting the likely Soviet proposal to eliminate nuclear battlefield weapons from Europe.

3. A concrete plan for the neutralization of Afghanistan upon the immediate pullout of Soviet troops, and for the stationing of Soviet troops in an international peacekeeping force in several key cities of that country.

Soviet willingness to negotiate in 1988 on the basis of such an explicit agenda might produce agreements that could then be followed by a significant expansion in economic relations. But some convincing evidence that Mr. Gorbachev has indeed significantly cut the Soviet defense budget would be needed. Otherwise America would simply be helping Moscow cope with its own budget squeeze, making it easier to modernize the Soviet economy while avoiding cuts in military expenditures.

But if it is part of a larger effort to reach regional and strategic accommodation — if there is continuing improvement in the human rights situation in the Soviet Union and cuts in military spending — an expansion in economic relations could be justified.

The writer was President Jimmy Carter's assistant for national security affairs. He contributed this comment to The New York Times.

## A Different Standard Where Africa Is Concerned?

By Michael Maren

NEW YORK — Lieutenant Colonel Oliver North said during the congressional hearings into the Iran-contra affair that he had fought in two American wars, Vietnam and Angola. During his examination by the Iran-contra committees, he proudly offered information about his service in Vietnam but never mentioned what he was doing in Angola. And no one on the committees bothered to ask him.

Colonel North's statement was part of a mountain of circumstantial evidence pointing to close links between the arms pipeline to the contras and efforts to supply the UNITA rebels fighting the Marxist government of Angola. Just as the Boland amendment banned assistance to the contras, the Clark amendment, until its repeal in August 1985, barred aid to UNITA, the National Union for the Total Independence of Angola. The evidence strongly suggests that the same people involved in the Iran-contra diversions were responsible for the illegal arming of the UNITA rebels.

Though elements of the Africa connection surfaced on a few occasions during testimony, committee members never asked a single question or subpoenaed a single document relating to charges that the government was arming UNITA.

The committees' questioning focused on Iran and Nicaragua even though an investigation of the

Angola connection might have shed more light on efforts to build the "privately funded off-the-shelf covert operations capability" that Colonel North described. Without consideration of the Africa dimension of this covert policy, the committees' Iran-contra report is at best incomplete.

Representative Howard Wolpe wrote several letters to the chairman of the Iran-contra committees explaining the ties between southern Africa and the Iran-contra affair. Similarities included "key personalities initiating and directing events, the principal sources of financing and the commercial cargo carriers employed," he wrote.

The Michigan Democrat's aides even supplied a witness who was willing to testify that Saudi Arabia had agreed to arm and train UNITA forces in exchange for U.S.-made AWACS planes, which were sold to it in 1981. The committees declined to question him, and questions pertaining to southern Africa were pushed aside.

Why the omission? Some congressional staff members placed the blame on the hurried nature of the hearings; investigators employed by the committees neither knew the issues nor cared much about Africa. And in their single-minded

pursuit of presidential culpability, members of the committees might have viewed the Angola question as a superfluous element that only complicated an already complex picture.

Also, there was less public pressure to explore the African aspects of the scandal. Much of what had happened in Nicaragua had been exposed by the press, and the public expected answers.

Finally, the Angola and Nicaraguan affairs are, indeed, quite different. While much of the blame for the contra situation could be laid on individuals, the UNITA arms pipeline is supported by Zaire, Morocco, Saudi Arabia and South Africa — all friendly nations that the committees' members may have been reluctant to embarrass. While the Iran-contra affair is history, covert aid to UNITA continues.

The Iran-contra committees' condemnation of the people who operated a clandestine foreign policy in the Middle East and Central America could, in principle, be extended to activities in Africa. Their failure to make such a connection implies that a different standard of conduct is permissible where Africa is concerned.

The writer is a contributing editor of Africa Report, a bimonthly magazine. He contributed this comment to The New York Times.

## Perestroika Suits the Ins Better Than the Outs

By Dimitri K. Simes

This is the second of two articles.

WASHINGTON — Standing in line for 90 minutes to buy vodka in a government liquor store, I found no supporters of General Secretary Mikhail Gorbachev. I had joined the queue thinking that it would be a good way to talk with ordinary Russians — those preoccupied with bread-and-butter issues rather than artistic freedoms.

As part of an anti-alcohol drive launched by Yuri Andropov and continued by Mr. Gorbachev, both the number of liquor stores and their hours were reduced by about half. Buying vodka is now an almost impossible exercise. From the perspective of the blue- and white-collar workers standing in long lines, Mr. Gorbachev was almost uniformly bad news.

In the close proximity of several police officers positioned near the store to control the crowd, people spoke forcefully and angrily. "So how

truth" in their lives. Another mentioned food fairs, on the eve of national holidays, that were ordered by Boris Yeltsin, the recently ousted Moscow party boss. One worker mentioned new privately run restaurants and co-operative food stores offering a better choice for a higher price. He felt, however, that only the well-off benefited from these innovations, and the people in the line definitely did not feel well-off. Rumored price increases, they feared, would further reduce their living standards. It would take more than promises and brave rhetoric for Mr. Gorbachev to persuade such simple Russians that they are in a position to gain from his reforms.

In contrast, the third group I encountered in Moscow had already benefited from perestroika and accepted Mr. Gorbachev as its standard bearer. This group consisted of the Soviet version of yuppies — educated men and women, but mostly men, in their early and mid-40s, some of whom I knew from our university days. Mr. Gorbachev's reformist crusade serves them well. Several were promoted. Others began traveling abroad. A few were even appointed to important posts in key party and state agencies. Unlike the workers, they were receiving higher incomes as a result of Mr. Gorbachev's effort to cultivate qualified professionals.

A university classmate of mine recently moved into a comfortable two-bedroom apartment in a prestigious building. He and his wife had just bought a second car and they talked casually about the separate vacations they took in the West. Their clothing would shine on New York's Fifth Avenue. Their candle-lit supper table was loaded with sturgeon and salmon caviar, smoked fish, cold cuts and fresh vegetables. The bar boasted a variety of vodkas, Scotch and an expensive brand of Armenian cognac. The furniture was made in Finland. The light from the imported lamps was elegantly dimmed. The spirit of proud prosperity was in the air.

The conversation was about job vacancies. "If nothing else, Gorbachev deserves to have a monument built in his honor just for getting rid of all those old sons of bitches, of all that stinking human garbage accumulated

during the Brezhnev rule," the host said. He had just received a highly promising assignment on instructions from the Central Committee Secretariat, but his support for the general secretary went beyond opportunism.

There was a genuine sense of pride that the Soviet Union finally had a world-class leader. My host and his friends were disgusted by the corruption and ineptitude of the Brezhnev era, by the walking zombies who populated Kremlin halls before Mr. Gorbachev offered younger, better educated and more dynamic officials a chance to participate in running the nation. And they shared the nonconformist intellectuals' disdain for the intrusive regulations that mushroomed in the late '70s and the '80s.

Communism's best and brightest feel that the Soviet system can only benefit from encouraging popular initiative, artistic experimentation with forms and shapes. The new official tolerance suits the hedonistic life style of the Soviet establishment's new generation, and Mr. Gorbachev's appeal for "democratization" gets a warm response from them. But that warm response is premised on the assumption that the process of change will not go out of control; that the Soviet elite's monopoly on power will remain unshaken; and that Mr. Gorbachev, unlike Nikita Khrushchev, will appreciate that capricious disregard of the privileged may be dangerous to his political health.

"We don't need all these nobodies exploiting perestroika to their advantage," a successful academic administrator said. He expressed irritation with people who "never learned how to behave responsibly but were now demanding prime seats at the dinner table." Mr. Gorbachev's yuppies know that it was precisely their unwillingness to play by the rules that allowed them to rise high enough in the system to lead the reform effort. They would not want anyone to remind the public that many champions of perestroika have long records of cheerleading for precisely those "negative phenomena" in Soviet life now being denounced by the Kremlin.

I was in Moscow before the Yeltsin affair was revealed, but he was already quite unpopular, not just among party specialists but among Communist sympathists as well. Privately they accused him of "playing in democracy," being "insensitive" to people (read: to bureaucrats) and, worst, allegedly threatening to close the hard-currency stores at which my hosts and their friends are loyal customers. With this group, the

Yeltsin ouster would play well. It would reassure the new elite that Mr. Gorbachev is a no-nonsense leader not about to tolerate populist fantasies.

The supper lasted until the early morning hours. I was bombarded with questions about my income in America, what kind of cars my wife and I drove, how many square meters we had in our house, and who did I know personally among top officials and legislators in Washington.

Later that day I had my farewell lunch at the Arax restaurant with my old and closest friend — a man who had once had a promising political career but opted to sacrifice it rather than submit to orders to stop seeing me after I applied for emigration. Today he is a free-lance translator completely uninterested in rejoining the establishment. This man was the first in Moscow to inquire whether I was happy in America, whether I had real friends and enjoyed my work. He was also the first to say that perestroika is a step forward, not so much because the system could be turned around but because people were now given an option to be themselves — as long as they were not driven by ambition, of course. For him, the right choice was self-evident.

The writer, a syndicated columnist, is director of the U.S.-Soviet Project at the Carnegie Endowment for International Peace. He contributed this comment to The Washington Post.

## 100, 75 AND 50 YEARS AGO

### 1887: Too Much Money

NEW YORK — The session of Congress will begin on December 5. The chief discussion of the session will, it is expected, relate to finances and the question of reducing taxation, so as to prevent the Treasury from accumulating a surplus. The Protectionists urge that this should be accomplished by repealing inland taxes, which yield \$120 million annually, without any radical changes in the tariff. The Southern and Western Democrats wish the chief reduction to be made in Protectionist tariff duties.

### 1912: Armistice Begins

CONSTANTINOPLE — I am informed that a week's armistice has been concluded between Turkey and the Balkan allies. During the armistice — all people (read: to bureaucrats) and, worst, allegedly threatening to close the hard-currency stores at which my hosts and their friends are loyal customers. With this group, the

## The Summit Needs to Be A Meeting

By Flora Lewis

WASHINGTON — Next month's U.S.-Soviet summit meeting is coming at a time of strain for both leaders. President Reagan's sins of omission and of commission have been piling up.

Mikhail Gorbachev, in his book "Perestroika," delivered at the printers several months ago, complained about the "hostile rhetoric" from Washington, which "ruins relations." "Of course," he said, "we can wait until another administration comes to power, but we would prefer to come to terms with the present one. We have made a certain start; there are personal contacts and a certain measure of understanding."

The Soviet leader goes on to say, "We will seek cooperation and productive talks with any president, with any administration the American people elect." No doubt Mr. Reagan's latest series of tasteless anti-Russian jokes, a crude and embarrassing blunder on the president's professed desire to show warm American hospitality.

But Mr. Gorbachev clearly wants to come and move ahead on arms control and diplomacy so he can clear the way for his domestic program of what he calls "radical, revolutionary reforms."

He, too, is under mounting internal pressures. The case of the ousted Moscow party chief, Boris Yeltsin, should not be underestimated. We know only a part of what happened at the tumultuous Central Committee meeting on Oct. 21 that brought Mr. Yeltsin's downfall, and it is the part Mr. Gorbachev's aides chose to reveal. The book stresses the difficulties he faces from critics on the right side, which he calls "the braking mechanism," and he appears to press reformers like Mr. Yeltsin to press harder for movement.

Clearly there has been some ground. It may be a temporary concession, like the one Deng Xiaoping made in China when he was forced by conservatives to dump Hu Yaobang as party leader last January only to come back and dominate the party congress last month, pushing out several conservatives. There is an old Russian story about throwing the children off the back of the sleigh to slow down the advancing wolves. Or it may be that "the braking mechanism" is proving too strong.

A successful summit meeting would help him, just as it would take a little of the accumulating tarnish off Mr. Reagan. But it is wrong to suppose that either leader can take advantage of the other's domestic problems. Neither man looks strong enough now to impose any further concessions on his ideological supporters. And it is wrong to see the summit meeting as just a spectacular. It will be an important step in evolving East-West relations at a time when the whole Communist world is at a crossroads.

China is far ahead of the Soviet Union in redefining the practice of Marxism and creating a new "model" for communism. But practically every Communist country is going in the same direction, bending to the "reality" that Mr. Gorbachev keeps citing as he speaks of "crisis" in his country.

The essential thrust is the failure of communism to deliver on its economic promises, and thus to sustain its visionary appeal. That failure has been made all the more dramatically visible by what Communists now admit to be their mistaken predictions on the inevitable collapse of capitalism.

Mr. Gorbachev still insists on the superiority of his country's system and blames what went wrong on having "underestimated the potential of socialism." He focuses on science and technology as the way to salvation, but recognizes that words and gadgets alone will not fire his people's energies. He does not speak of abolishing dictatorship, but he is less than forthcoming about the "dictatorship of the proletariat" slip into oblivion.

There is deep irony in the fact that just when the Communists are beginning to admit the flaws in their rigid ideology, the United States has tried to move back into an ideological straitjacket. It would be wiser to examine more thoughtfully what it is that has saved the capitalist system from the self-destruction Marx foresaw.

Surely it has been the ability to respond to human need, to tame the brutalities of the impersonal marketplace and its cyclical upheavals. To restrain the impulse of greed with social concern. It has been the ability to develop democracy and self-government. Both Moscow and the United States have current troubles, but Mr. Reagan, despite himself, has the strength of a responsive system.

The New York Times

of the capital of Mitylene, the Hellenic fleet has returned to Lemnos, leaving a detachment of naval and military forces in occupation and a cruiser squadron to watch the coasts.

### 1937: Thanksgiving Day

PARIS — For Americans abroad, Thanksgiving brings back memories of a board laden with good things to eat, typical of the autumn season: golden-brown turkey, crimson cranberry sauce, and the traditional yellow pumpkin-pie are the three outstanding dishes. Particularly for Americans from the Eastern seaboard will remember the oyster stuffing with which the turkey was filled. Succulent candied sweet potatoes used to make their first appearance of the season at this meal. This was a day of rest and a pause when busy hard-working Americans looked back on the year. In these times of rapidly changing values, it is particularly appropriate for Americans wherever they may be, to give thanks

كلام الله



OPINION

# The Godfathers of Terrorism Want a UN Seal of Approval

By A.M. Rosenthal

NEW YORK — At the United Nations, the states that specialize in murder and kidnapping are working out a particularly bizarre and dangerous piece of political strategy. The idea is to legitimize international terrorism.

Syria, home base, organizer and sponsor of terrorism ranging from the Middle East to Europe and Asia, has solemnly introduced a resolution demanding a world conference that would decide that terrorism carried out

operatives had bombed a German Arab Friendship League in West Berlin. That was embarrassing enough. But the same year the Syrians developed problems with Moslem states.

The Pakistanis discovered a link between Syria and Palestinians captured after attempting to hijack a plane in Karachi. The Turks found that at least one of the killers involved in the hand grenade and machine gun attack on the synagogue in Istanbul came from a terrorist camp under Syrian supervision in the Bekaa valley in Lebanon.

Neither the Turks nor the Pakistanis talked openly. But they made sure that the Syrians knew that they knew.

Terrorism is not something that Syria can lightly give up, despite the exposure. Terrorism is power.

For instance, anti-terrorist specialists all over the world are convinced that Syria knows and protects the captors of the hostages in Lebanon, and knows exactly where the prisoners are being held. That makes countries that want the hostages back tread delicately with Damascus, and it makes them effusive with thanks when the Syrians arrange to let one go.

So power is why Syria is trying to get the UN to decide that terrorism by liberation movements they back is justified action against oppression.

There are indeed oppressed governments who do not hesitate to kill their own civilians and who are being opposed by armed movements.

But legitimate movements of rebellion, like the Afghans, do not make it a policy to kill their own civilian countrymen. They direct their attacks against the hated government and its forces. And they do not carry out terrorist operations abroad. It is interesting that international terrorists usually do not attack in totalitarian countries but in democracies — in West Germany, Italy, Japan, Spain, India, Britain.

Mr. Pfaff acknowledges that the Bolsheviks' ideals were noble, but he fails to tell us what these were. One of the first acts of Lenin's government was to repudiate the claims on which Russia involved itself in World War I was based. The Soviets published and denounced the secret agreement between Russia, Britain and France to carve up Turkish-held territory in the Middle East, and Turkey itself, with Istanbul being allocated to Russia. This was an unprecedented repudiation of the tradition of imperialism.

The New People's Army in the Philippines. The Shining Path in Peru. The Irish Republican Army in Northern Ireland. Sikh terrorists in India. For Israel, there is the Palestine Liberation Organization. There are terrorist movements in Spain, Japan, Uruguay, Yugoslavia, Colombia, Venezuela, Turkey.

There will be a vote in the General Assembly of the UN General Assembly, possibly this week. The Soviet Union backs Syria's move, the United States opposes it. It will be fascinating to see which countries are so befuddled by "liberation" rhetoric as to vote for their own destruction.

The New York Times.



# No Kiwi or Raspberry Terrine Shall Foul This Family's Table

By Ellen Goodman

BOSTON — One aunt has called the other to ask for a Thanksgiving dispensation. Surely, she pleads, 20 years of lemon pies are enough for one family. She wants to make a new dessert.

The senior woman (call her Number One Aunt) recoils, as if her sister-in-law had suggested rap music instead of Mendelssohn for a wedding ceremony.

## MEANWHILE

Number One Aunt is, you see, the appointed keeper of the family Thanksgiving ritual. It is her job. The event takes place under her roof and her ministry. And she follows the book. Indeed, she has a generation of Thanksgiving dinners inscribed in a notebook that she guards, you might say, religiously.

There has never been a kiwi or Rock Cornish game hen at her table. There shall be no nouvelle cuisine and no chocolate raspberry terrine. There shall be turkey and bread stuffing and sweet

potatoes. And lemon pie. Thus it is writ. I wonder: Is this a totem and taboo more fitting for the holy day of some ancient religious sect than for the celebration of a modern American harvest? Thanksgiving is, after all, America's most secular feast. Yet each gathering family seems to produce its own private set of traditions. The menu becomes a culinary liturgy, with 10,000 tribal variations, all on the theme of turkey.

Our family is not, I hasten to add, an authoritarian sect. We have had disputes about the ritual meal. There have been vast disagreements between the jellied cranberry and the whole cranberry factions (a divisive issue barely muted by the acceptance of a two-sauce policy).

Different opinions are even accepted on the matter of the prime Thanksgiving icon, the turkey. Some of our members regard it only as a decorative centerpiece, others as the culinary highlight. Although the majority of our sect consists of dark-meat eaters we are open-minded enough to look favorably on acolytes — francs, guests, roommates — who profess to like white meat.

But the core, the absolute center of our traditional offering, does not waver from one year to the next, or one decade to the next. Untouchable recipes handed down from one generation to another arrive on the table bearing the names of these ancestors. We dine with their shadows and sauces.

Indeed each year the Number One Aunt replicates in exquisite detail her own mother's stuffing. She produces it in a tearful ceremony brought on by equal portions of onions and memories. Why does such a passion for sameness go on in this and so many other family menus? We have had our share of personal changes. The membership of our sect has turned over perhaps by a half. We know our differences. We allow members to come bearing new points of view and new husbands.

There is something in favor of a feast that proclaims, in the midst of change: This is our family. This is how we do things. This is our Thanksgiving. We are the people who put ginger snaps in our gravy. Like it or not. We are the people who like crisp sweet potatoes. We are the people who prefer lemon pie to pumpkin.

We savor, literally, our togetherness. And if we go somewhere else for Thanksgiving, it will never taste quite right. It won't be home. Who else will serve grandma's stuffing?

We create our own traditions for the same reason we create our own families. To know where we belong. We like our holidays the way children like bedtime stories: predictable. We do not come together for something new. Families prefer the familiar. And that is why our Thanksgiving will have the same old ending: Lemon pie all around.

Washington Post Writers Group.

## LETTERS TO THE EDITOR

### The October Revolution: Let History Pass Judgment

William Pfaff's opinion column passing judgment on 70 years of Soviet power (Nov. 10) displays a complacency and lack of historical sense all too widespread among Westerners. He writes off the October Revolution as having been merely another Russian "time of troubles," without redeeming achievement. But this argument counterposes the arduous path of the Russian Revolution with the achievements of liberalism in the West, as though the latter owed nothing to the former. This is a mockery of history.

Mr. Pfaff acknowledges that the Bolsheviks' ideals were noble, but he fails to tell us what these were. One of the first acts of Lenin's government was to repudiate the claims on which Russia involved itself in World War I was based. The Soviets published and denounced the secret agreement between Russia, Britain and France to carve up Turkish-held territory in the Middle East, and Turkey itself, with Istanbul being allocated to Russia. This was an unprecedented repudiation of the tradition of imperialism.

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The New York Times.

There was also the problem of unrest among the nationalities. Such a government would have continued Russia's participation in the world war, with a heavy baggage of imperialist aims, all the more so because of the need to divert popular discontent. This implies that the outcome of the war would not have been influenced by the challenge of Bolshevik anti-imperialism: the settlement among the great powers would have been even more reactionary than the Treaty of Versailles.

In the event, the modicum of democratic reform represented by the Weimar Republic was owed in no small degree to the Bolshevik example. There is no reason to think the Prussian militarist ethos would have been even formally renounced without the October Revolution.

The revolution gave Russia a strong government that industrialized the country swiftly while holding it sufficiently aloof from imperialist assumptions to provide the force that ultimately destroyed the reactionary power of German imperialism. By giving impetus to anti-imperialist struggles in Asia, the Bolsheviks undermined the prestige of Western ruling classes. This encouraged social reform in the West, as did the general Russian challenge to capitalist assumptions, particularly in the Depression era. The October Revolution also made possible what constitutes the world's greatest achievement in the relief of human suffering: the land reform in China.

I am not at all inclined to overlook the great suffering undergone by the peoples of Soviet Russia in these decades. Its primary cause was that circumstances contrived to place too much of

the burden of establishing the principal values of our time — racial, class and national equality — upon one country. The people of that country, Soviet Russia, deserve gratitude for the manner in which they carried that burden, not the insult of superficial verdicts.

R. NAYAR,  
London.

### A Legal Replacement

Tunisia's constitution is not the only one that expressly contemplates the orderly and legal replacement of a president who is manifestly incapable of performing the duties of his office. Americans, take note.

JOHN V. WHITEBECK,  
Paris.

### The Book Gets in the Way

Regarding the report on the Iran-contra affair, may I ask: How can Americans fight a sworn enemy of their country — Ayatollah Ruhollah Khomeini — if they always have to go by the book? Could Churchill have fought Hitler if he always had to look in the book first? Thank God we did not have congressional committees during World War II.

MICHAEL A. ZERVOS,  
Woking, England.

### Stop Lecturing the Asians

Regarding "Even Better Than Singapore-Style Order Is Freedom (Nov. 16):" William Safire's diatribe against Singaporean recks of Renganoomics. He should praise Singapore's exemplary re-

cord in running a drug-free and clean society. Instead, he is annoyed by it. His sermonizing to Asians to stop "profitless selling" shows his utter lack of understanding of economic principles. Should Asian countries be punished for making cost-effective quality products?

America should realize that its lead in high technology is narrowing fast. Mr. Safire's rosy ideas about software that will change the way people live and work have to be weighed against the fact that 75 percent of computer memory chips are being designed and made in Japan, and that Japan is the undisputed leader in leading-edge technologies such as superconductors and robotics.

SHYAM JHA,  
Eybens, France.

### Socrates in Quarantine

In French *la rage* means, among other things, rabies. I wonder how many of your far-flung readers are as enraged as I am about Britain's rabies regulations. I have just liberated my dog from his incarceration in a British canine jail. It is called "quarantine." It lasts six months and there is no remission.

The dog has a passport with photograph and paw print. He has lived, without challenge, in five European countries. He has been jabbed in his backside with every medication known to veterinarians to ward off canine illness. The quarantine bill was £800; he was bought for £25. He is a nice dog, named Socrates because he ponders. He would ponder even more had prison not left him brain-damaged.

DENIS M. BLAKELEY,  
Garstang, England.

## We document dreams.

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Team Xerox. We document the world.



50 YEARS AGO  
1937: Thanksgiving  
The American people  
celebrate Thanksgiving  
with a feast of turkey  
and stuffing. The day  
is a time for family  
gatherings and giving  
thanks for the year's  
blessings.

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## Duarte Lays '80 Murder Of Salvador Archbishop To Rightist d'Aubuisson

By Joseph LeMoyné  
New York Times Service

SAN SALVADOR — President José Napoleón Duarte of El Salvador has accused the rightist political leader Roberto d'Aubuisson of responsibility for the 1980 assassination of the Roman Catholic archbishop of El Salvador.

The president said Monday that the charge was based on recent testimony from a man who said he drove the assassin to the church where Archbishop Oscar Arnulfo Romero was killed and later heard the killer discuss the shooting with Mr. d'Aubuisson.

Mr. Duarte said a close military associate of Mr. d'Aubuisson helped plan and direct the killing of the archbishop. Mr. Duarte contended that Mr. d'Aubuisson's associate then visited Mr. d'Aubuisson to confirm that the assassination had been carried out.

Mr. Duarte said the driver for one of Mr. d'Aubuisson's closest friends, Captain Alvaro Rafael Saravia, testified in court that he had been ordered by Captain Saravia to drive an unknown gunman to a downtown church in 1980.

Mr. Duarte said the driver testified that on arriving at the church, the gunman pulled out a rifle and killed Archbishop Romero with a single shot as he was saying Mass.

In Washington, the U.S. Marshals Service said Tuesday that Captain Saravia had been arrested in Miami, United Press International reported.

[Stanley E. Morris, director of the service, said in a statement that Captain Saravia was lured from a residence in Miami last week and arrested at the request of the U.S. Immigration and Naturalization Service for violation of U.S. immigration regulations. The immigration service said Captain Saravia was believed to have entered the United States legally but that his permit to remain expired 10 months ago. He will be held in Miami pending the determination of his status.]

At the time of the killing, Archbishop Romero was perhaps the most outspoken critic of the wave of rightist killings that had swept the country. Days before his murder, he had called on soldiers not to obey orders to kill civilians.

"In this moment I am telling the people and the world that I have completed my promise to uncover this abominable crime," Mr. Duarte said.

Mr. d'Aubuisson, a U.S.-trained former military intelligence officer who is the best-known rightist politician in El Salvador, denied the charges.

Mr. d'Aubuisson said that the Duarte government implicated him in Archbishop Romero's slaying to shore up political power after the return of the exiled leftist opposition leaders, Guillermo Ungo and Rubén Zamora, The Associated Press reported.

Mr. d'Aubuisson has been frequently accused by leading Salvadoran and U.S. officials of involvement in Archbishop Romero's killing. He has denied all such charges.

The leftist leaders, Mr. Zamora and Mr. Ungo, have returned in recent days to see, they said, if it is possible to carry out political activities in the midst of a civil war in which guerrilla attacks as well as rightist political killings are on the rise.

Any effort to prosecute Mr. d'Aubuisson on such testimony promises to be extremely difficult in a country where judges have usually refused to convict rightists accused of political killings.

Mr. d'Aubuisson also has immunity from prosecution because he is a deputy in the National Assembly. His immunity must be legally revoked before he can be prosecuted.

In a news conference called to make his accusation against Mr. d'Aubuisson, Mr. Duarte offered an account of what appears to have been a classic rightist death-squad killing of the type that accounted for the murders of thousands of Salvadorans between 1979 and 1984.

Early this year, the U.S. 6th Fleet started directing ships to Marseille for repair and resupply and shore leave for the sailors. Local officials both the business and the show of U.S. colors.

The sudden upturn in port calls is only one indication of improving naval cooperation between the United States and France. This trend, U.S. and French officials say, can help counter developments in some other Mediterranean nations, notably Greece and Spain, where the United States faces opposition to naval and air bases.

Italian officials, for example, worry that anti-American trends in Greece and Spain could eventually affect opinion in Italy, too, a French diplomat said. "So they are reassured by France's steps to improve Western cooperation on Mediterranean security."

French officials confirmed the overall improvement in U.S.-French military ties, but declined detailed comment.

A U.S. official, noting that Marseille recently was host to an exceptionally large U.S. fleet, including a battleship and an aircraft carrier en route to the Gulf, said: "When U.S. missiles are about to be removed from European soil, the fleet is a useful reminder of how much U.S. military power remains."

France closed U.S. military bases after President Charles de Gaulle took the country out of the military command of the North Atlantic Treaty Organization in 1966.

That acrimonious episode led to a decade-long chill in U.S.-French military relations. It began to thaw in the late-1970s under President Valéry Giscard d'Estaing when France started becoming more openly concerned about growing Soviet military power.

Mr. Giscard d'Estaing quietly lifted a ban on U.S. nuclear warships in French ports, and U.S. ballistic-missile submarines started making occasional appearances at France's Atlantic submarine base near Brest, U.S. and French officials say.

The changed climate and closer cooperation, which continued to develop under President François Mitterrand, have become particularly visible in the Mediterranean.

German Patient Dies in Blaze  
ESSEN, West Germany — A patient died and 430 people were evacuated when a crowded hospital in Essen caught fire, the police said.

Although Marseille has a reputation for crime and anti-Arab racism, U.S. sailors recently in the city said they got friendly treatment. "It's a sailor's port," one said.

The source noted that the Soviet consulate in Marseille was now staffed by more than 30 officials, compared to three Americans at the U.S. Consulate and one official at the British mission.

The attacks interrupted some preparations for the elections on Sunday and raised new concerns about whether voters might be afraid to go to the polls.

The terror campaign, which began with a fire that set early in November at the national election headquarters, had diminished markedly in the last two weeks. And although many important aspects of conducting the elections remained unresolved, fears that the voting might have to be postponed had begun to fade.

"Last Friday, I would have told you everything was running fine," said Louis Roy, who is coordinating the efforts of some 30,000 volunteer poll workers. "But today I don't know."

In some of the attacks on Monday, witnesses said, the assailants shouted, "Long live the army and with the KEP," the Creole acronym for the Provisional Electoral Council. The same message appeared on Monday in red letters on many walls in the capital.

Some Haitians said they feared the introduction of this slogan might be an attempt to set the stage for an intervention in the elections by the armed forces.

"They are trying to create chaos so the army will be able to say it has to intervene and we cannot have elections," said Alain Rocourt, the treasurer of the electoral council.

The army-dominated provisional government headed by Lieutenant General Henri Namphy has been feuding with the electoral council since summer, when General Namphy tried to take responsibility for conducting the elections away from the council in violation of Haiti's Constitution.

No more than token protection has been provided for the election officials and their offices, and the council members have frequently accused General Namphy of not doing his duty. Until last week, he had refused to provide any material support for the elections.

Those trying to disrupt the elections have not been identified, but most Haitians and Western diplomats say they assume they are people who benefited in one way or another from the dictatorship of François Duvalier, and his son, Jean-Claude, who succeeded him and ruled until he fled Haiti in February 1986.

Radio Métropole reported that some men believed to have been involved in two incidents on Monday were arrested.



Port-au-Prince residents walking through the ruins of the city's main outdoor market after a fire that appeared to be arson.

## Marseille Welcomes Closer U.S. Navy Ties

By Joseph Fitchett  
International Herald Tribune

MARSEILLE — U.S. warships and sailors, rarities during the last two decades in French harbors, are becoming a familiar sight again here and at other French ports in the Mediterranean.

Early this year, the U.S. 6th Fleet started directing ships to Marseille for repair and resupply and shore leave for the sailors. Local officials both the business and the show of U.S. colors.

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## Siberia City Lacks Heat at 54 Below

Agence France-Press

MOSCOW — Residents of Novosibirsk, in western Siberia, have been without central heating since Nov. 20 after a breakdown of the city's electric power station, as temperatures reached minus 48 degrees centigrade (minus 54 Fahrenheit).

The Soviet newspaper Trud reported Monday that three neighborhoods were affected by the power cuts, adding that residents were in a "critical situation."

The paper also criticized the "inertia" of the town's heating engineers. It added, however, that "no one expected such temperatures as early as November."

## Renewed Acts of Terror Sweep Capital of Haiti As Elections Approach

By Joseph B. Treaster  
New York Times Service

PORT-AU-PRINCE, Haiti — With the presidential elections just days away, a new wave of violence apparently intended to disrupt the voting has swept through the Haitian capital.

One of the main open-air markets in Port-au-Prince was destroyed Monday by a fire that appeared to be arson. Shots were fired at national election headquarters and at the offices of two presidential candidates, and the main elections office for the capital district was ransacked.

One man was killed and two were hurt in the fire at the market. Two main roads as well as the national highway heading north were blocked Monday morning with burning tires and rubble.

For the first time in a terror campaign that started more than three weeks ago, several attacks were carried out in daylight. Many schools were closed, and by early Monday afternoon most of the stores and businesses in central Port-au-Prince had been shuttered and locked.

The attacks interrupted some preparations for the elections on Sunday and raised new concerns about whether voters might be afraid to go to the polls.

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**THE BEST OF TASTE:**  
**MIX A BEEFEATER MARTINI**

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## It's No Secret: Greece's Spies Want a Raise

ATHENS — Warning that their salaries were too low, Greek spies picked Tuesday as the day to demand a raise from their agency bosses.

The union leaders said the demand was a "reasonable" one, but they also warned that if it was not met, they would strike.

The union leaders said the demand was a "reasonable" one, but they also warned that if it was not met, they would strike.

## Cuomo Won't Be Part Of Debate in Iowa

ALBANY, N.Y. — Governor Mario Cuomo said Monday that he would not participate in a debate in Iowa for the Republican nomination for the U.S. Senate.

Cuomo said he was "not interested in the Iowa debate" and that he would focus on his duties as governor.

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## ARTS / LEISURE

# Pollock Museum Starts With Ground Work

By Douglas C. McGill

**E**AST HAMPTON, New York — In the converted barn here that for years was Jackson Pollock's studio, something resembling one of his drip paintings has been unexpectedly discovered — under some floorboards.

This painting, though, is hardly of the conventional sort: it is composed of the drips and splashes Pollock left on the studio floor while making his swirling canvases of the late 1940s and early '50s.

The painted floor will shortly be partly covered with Plexiglas as part of a project to convert Pollock's former home and studio into a museum and center for the study of his work and of that of his wife, the painter Lee Krasner.

"It's a document of Pollock's presence here," said Meg Perlman, the study center director, of the spidery trails of paint on the studio floor. "Cézanne had an easel, and if you go to Cézanne's studio, you see an easel. But if you come to Jackson Pollock's studio, you see a floor, because that's where he worked."

Perlman discovered the lost Pollock, as it were, after tearing up some unspattered Masonite boards that covered the studio floor. She surmises that Krasner had them put down. Pollock died in a car accident in 1956. Krasner lived in the house and used the studio as her own until her death in 1984.

While Krasner left around \$3 million in cash, paintings and securities to the Pollock-Krasner Foundation, whose purpose is to provide financial help to needy artists, her will stipulated that none of the money could be used to establish the museum and study center.

The will did, however, specify that the home and studio either be given to a non-profit institution within three years, or be sold if no such group could be found. Last May, the house and studio and two-acre plot were donated to the Stony Brook Foundation, a non-profit arm of the State University of New York at Stony Brook. The center received a \$30,000 start-up grant donated by the university and by Eugene V. Thaw, an art dealer and an executor of the Pollock-Krasner estate.

An East Hampton resident, Perlman has held research positions at the Museum of Modern Art and the Metropolitan Museum of Art, and is currently curator of several major private collections.

Besides transforming the house and studio into a museum, which is to be open to the public by appointment only starting next June, Perlman hopes to use a third building on the estate as a library and study center containing books and catalogues pertaining to the Pollocks and other artists who spent time on eastern Long Island, such as Robert Motherwell, Willem de Kooning and Alfonso Ossorio.

The studio barn is 25 feet square, with windows only on the east wall. It was there that Pollock created

the paintings that made him a key figure — many art historians would say the key figure — of postwar American art.

No postwar artist has been interpreted so frequently and so variously as Pollock, whose works have been argued to be quintessential expressions of dozens of intellectual trends — Pollock as existential hero, Pollock as American modernist, Pollock as Jungian self-analyst.

But if the Pollock-Krasner House and Study Center is likely to perpetuate some of these theories — by elevating the studio floor to the status of cultural icon, for instance — it will surely explode a few of them, as well.

The library in the home, for example, shows that throughout the '40s the Pollocks spent many of their few dollars on books and magazines. The shelves contain an



Jackson Pollock at work on a drip painting.

early edition of "Finnegans Wake," along with other volumes of fiction and popular science, as well as catalogues from art exhibitions, "Bullfinch's Mythology," and dozens of art and film magazines.

"A popular image of Pollock is that of the idiot savant," said Steven Pollock, a professor of modern art at Stony Brook. "The idea is that he was a drunk and when he wasn't drunk he painted pictures. But this library is worthy of any educated person. He wasn't an intellectual, but he was an icon."

Perlman says the center will also sponsor an oral history project, in which artists and others in the area will tape interviews of recollections of the artistic scene in eastern Long Island from the postwar years through the 1960s.

# Finney's Return to the Fold

By Sheridan Morley  
International Herald Tribune

**L**ONDON — Ronald Harwood's "J.J. Farr," at the Phoenix, deserves a welcome for unfashionable courage. Not since Graham Greene gave up agonizing about the Catholic dilemma on stage back in the 1950s can there have been a drama so single-minded in its de-

## THE LONDON STAGE

termination to discuss the loss of religious faith and its rediscovery. The title character, craggy and angrily played by Albert Finney, is an ex-priest who, when kidnapped by Arab terrorists, has returned to the faith as the result of a final sacrament performed for a dying colleague in conditions of appalling horror. Released and back in England as the curtain rises, Farr goes to a charitable halfway house run for priests who have lost their faith, only to find them oddly unable to deal with his rebirth.

For the purposes of the debate that ensues over six short scenes and a fortnight, Harwood has set up five contrasting figures to tackle Farr. There's the butch atheist falling apart at Farr's recantation of atheism (Bob Peck), the wonderfully washful old gay in a string of pearls (Hugh Padgug), the long-suffering but unforgiving warden (Bernard Lloyd), the sympathetic nursing brother (Dudley Sutton) and the one with a guilty past (Theodor Pfister), all there to represent aspects of loss and all ready to move the chairs into semi-circles for Shavian explorations of the many and varied ways in which God is not mocked.

Clearly a priest who has rediscovered his faith is not about to feel at home in a subsidized limbo ap-



Albert Finney and Bob Peck in "J.J. Farr."

parently reserved for others who have not, but Finney manages to suggest also the alienation of the hostage, his eyes and body forever darting around the stage, always trying to guard a back that has been scarred with something that may very well not be the sign of the cross.

The notion that faith is nothing more than a neurotic device to allay a fear of death is ritually explored as is the possibility that in the end the moderate and the weak will drive out the strong, as they finally allow Farr to wander off toward the horizon, simply because they can't tolerate the certainties of either absolute faith or total atheism.

This is, at times, a play that hovers on the borderlines of its uncertainties, veering from political thriller to moral debate and back again as if hoping to latch onto something that might get us through the next confrontation. But it is elegantly and sharply written, and the five actors, led by Peck, who get to challenge Finney for longer or shorter moments of his work on the play, bring his intense and mesmerizing energy. That alone is what eventually saves Ronald Eyre's thoughtful production from grinding to a total halt. If we are to return to a lost world of articulate disputation, then it is as well to do so in a company as strong as this one.

The almost legendary Barry Humphries has taken possession of the Strand. To the strains of "Waltzing Matilda," Dame Edna and her two supporting stars, Sir Les Patterson and the ghostly Sandy Stone, are "Back With a Vengeance!" in aid of the world's first prostate foundation, for the tragic news is that Norm, the Dame's long-hospitalized husband,

has now had to be globally recycled following sudden death.

In deepest mourning, which consists of a mauve wig and a red dress, Dame Edna comes among us in the message parlor of the human spirit which she is graciously pleased to call her auditorium, all the while spreading good Australian cheer and visualizing catastrophe as a Niagara of nonentities cascade to their demise while leaning out of the upper circle in an urgent desire to touch her.

The first half of a marathon and exotic evening, about as long as "King Lear" but with better laughs, is taken up with Sir Les and Sandy, both one-joke creations who really only exist in a vain attempt to prove that the Dame has not in fact taken total monstrous control of her creator. We then get a couple more hours of Ednacore, in the course of which she ritually humiliates a long-suffering audience while delivering a random, manic monologue in gala bad taste and principally concerned with the state of toilets for the disabled.

It would require several terms of psychiatrists to explain the British obsession with a highly talented Australian actor and writer who now looks like a myopic fairy godmother from a nightmare by Fellini. What is clear is that when, on a fork-lift truck, Dame Edna finally ascends to the heavens in a vain attempt to be reunited with Norm and dressed like some demented harvest-festival goddess, the one-man show reaches a level of such gothic eccentricity as to render all attempts at analysis utterly futile.

In the Barbican Pit, the RSC's Jean Genet season now comes to an end with "Deathwatch" and "The Maids." The double-bill allows the cast of male prisoners fighting and murdering over women in the first play to spend the interval clambering into drag in order to portray the mistress and serving girls of the second. A little gimmicky, maybe, but well in line with Genet's notions of sexual transference and confusion, and an idea which allows the audience to find powerful parallels in both texts, as well as a kind of kinky high-camp unity of dramatic purpose.

Undoubtedly "The Maids" (based on a killing in Le Mans and recently rather better reworked by Wendy Kesselman as "My Sister in This House") is the more compelling piece, a fetishist triangular celebration of love and death made all the more chilling by Gerard Murphy, who also co-directs with Uitz, as the tougher of the two slaves.

Both scripts are about three people locked at each other's throats by lust and fear and sexual doubt, and though one grows a little weary of Saint Genet's holy-evil paradox obsessions, there is in the end something both haunting and frightening about these shorter plays totally lacking in the longer and more aimless "Balcón," which still remains in the main Barbican repertoire upstairs. The Uitz settings, a prison cell, around which the inhabitants clamber like gorillas, and then a suffocating female boudoir, are as powerful as the supporting performances of Miles Anderson and Patrick Bailey.

# Unknown Liszt Score on Block

By Michael Kimmelman

New York Times Service

**N**EW YORK — A major and previously unknown score by Franz Liszt is to be auctioned at Sotheby's in London on Friday. The work, for piano, bears no title, date or signature but has been identified by Liszt experts as having been written by the composer between 1830 and 1832, when he was in his late teens and early 20s and active throughout Europe as a concert pianist. It is full of the extravagantly virtuosic writing that characterized his work in this period.

"I don't think there has ever been a Liszt discovery on this scale," said Stephen Roe, a director in Sotheby's department of manuscripts in London.

"This does seem to be a genuine and hitherto unknown piece," said

Alfred Walker, a noted Liszt scholar at McMaster University in Ontario. Walker was one of several experts who confirmed the authenticity of the handwriting for Sotheby's. Although he has not seen the entire 36-page score, Walker said that from what he knew of the piece, it is a significant discovery and should enter the standard repertoire.

The score, on two types of paper and written in brown ink in a hurried, untidy hand with many corrections and alterations, is in the form of a fantasy. Its discovery is significant, Roe said, not only because the work had been entirely unknown but also because it contains early examples of Liszt's later writings and style.

Roe said only that the score "just sort of walked in" to Sotheby's late last year and that it belongs to a

private owner. He has shown it to Liszt scholars in Britain, Sweden, the United States, Hungary and Canada, he said, and none had heard of it before.

Roe believes it may be the "Grand Solo Caractéristique à Propos d'une Chansonnette de Panseron," a work to which the composer refers in a letter of Dec. 12, 1832. The piece, Roe said, contains a long section that seems to be an early version of "La Chapelle de Guillaume Tell," a work by Liszt from 1835-36. Pedal markings and fingerings in the manuscript were evidently added after it was written, suggesting to Roe that the composer performed the work.

The piece, Roe said, provides early instances of Liszt's later compositional style, including his use of progressive tonality. The fantasy begins with a long introduction



Liszt in 1838.

marked "presto a capriccio" in C minor and ends with a bravura coda in E. In between there are several sections, including a chaconne with variations and an extensive lullaby in G major that contains the "Chapelle" material.

During his lifetime, Liszt had more than 100 publishers, and many of his pieces remain lost. But finding a work of this scale that had been entirely unknown is extraordinary, Roe said. The score is expected to sell for \$40,000 to \$60,000, or \$70,000 to \$105,000.

# Picasso Etching Brings \$583,000

The Associated Press

**P**ARIS — A Picasso engraving of a woman crying brought a record-breaking 3.3 million francs (about \$583,000) at auction here, four times the highest price ever before paid for an etching, according to a spokeswoman for the Drouot auction center. An anonymous Japanese collector purchased "La Femme qui pleure" (The Crying Woman) at auction Monday night, according to the spokeswoman.

The etching is one of 15 similar pieces done by Pablo Picasso as part of his work on the painting "Guernica." The etching formerly was in the collections of Marina Picasso and Mario Piro.

Another Picasso engraving, "La Femme au tambourin," sold in 1986 during an auction at Sotheby's in New York, holds the previous record of \$140,000.

Fernand Léger's "Le Garçon de café," painted in 1920, sold for 10 million francs to an unidentified Swiss collector, a record for the artist.

A painting by Georges Rouault, "Calvary," painted in 1937-38, brought 3.3 million francs, also a record for the artist.

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## Social Insurance System Groans Under Its Deficit

By Jacques Neher

**P**ARIS — First, start with a society accustomed to having most of its insurance needs met by the government. Add equal measures of low economic growth, high unemployment, a rapidly aging population and ballooning health care expenses. Include bureaucratic inefficiency, fraud, powerful lobbies and political self-interest, and you have a recipe for social insecurity.

France, which since 1945 has insured its population against the hardships of unemployment, workplace accidents, disease, old age and raising a family, is now facing the reality that it cannot afford its social security system.

Indeed, a special committee appointed by Prime Minister Jacques Chirac earlier this year to explore the problem took as its symbol the whale, another endangered species.

Mr. Chirac himself minced no words last April, when he deemed the system "in peril." He noted that a succession of rescue plans over the past 10 years "hasn't prevented spending from growing faster than receipts."

Despite another emergency plan enacted last May to patch up the system, the SECU, as it is known, will suffer a 10 billion franc (\$1.74 billion) deficit in 1987, and officials predict that it will grow to 28 billion francs in 1992.

However, these gaps are tiny compared with projections recently made in a report by the French Senate, the upper house of Parliament, which sees the SECU deficit growing to between 120 billion francs and 160 billion francs by 1992, depending on the economy.

Of the SECU's three major insurance programs, health, retirement and family (an unemployment fund is managed separately), the health insurance program weighs heaviest and is draining money the fastest. A former SECU official called it "the heart of the problem."

The health insurance plan, which reimburses, to varying degrees, everything from eye checkups and prescription drugs to major medical expenses, ac-

counts for half of the total expenditures by the SECU, which are estimated for 1987 at 725 billion francs.

Health care consumption, in volume of services rendered, has grown 43 percent since 1980. As a result, the French have become the third largest health care consumers in the world (behind the United States and Sweden), with medical expenses representing 9.1 percent of France's gross national product.

The retirement fund is also in trouble since the population is aging faster and living longer in its retirement years. By the year 2020, 26 percent of the population is expected to be over 60, versus 18 percent currently. Retirement benefit payouts will have to grow 5 percent per year to keep pace.

The family protection program, which, for example, pays parents of two children 544 francs per month, regardless of need, is in relatively good health. The number of children, 12.5 million, covered by the program is not expected to grow over the next few years, despite a recent campaign encouraging parents to have a third child.

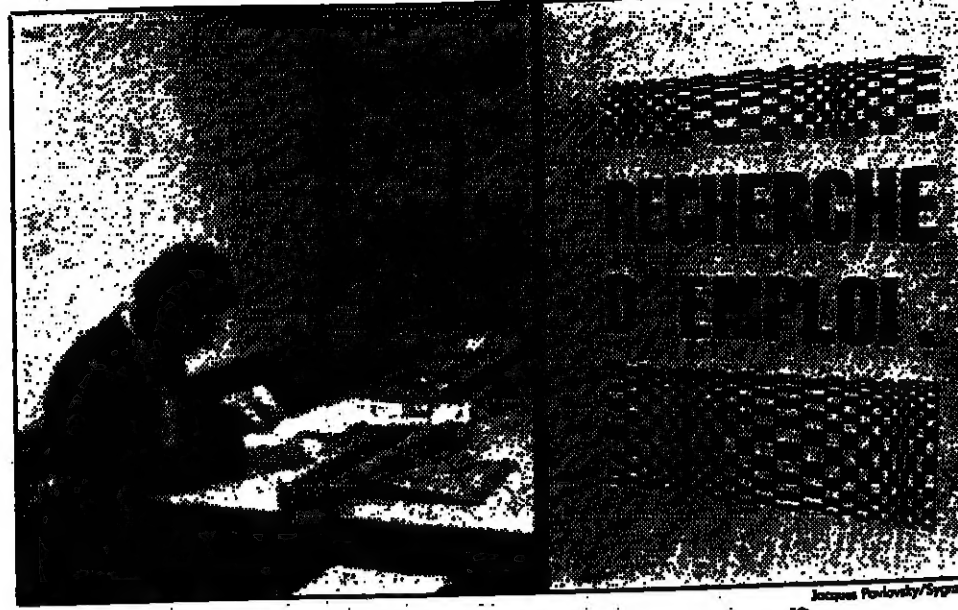
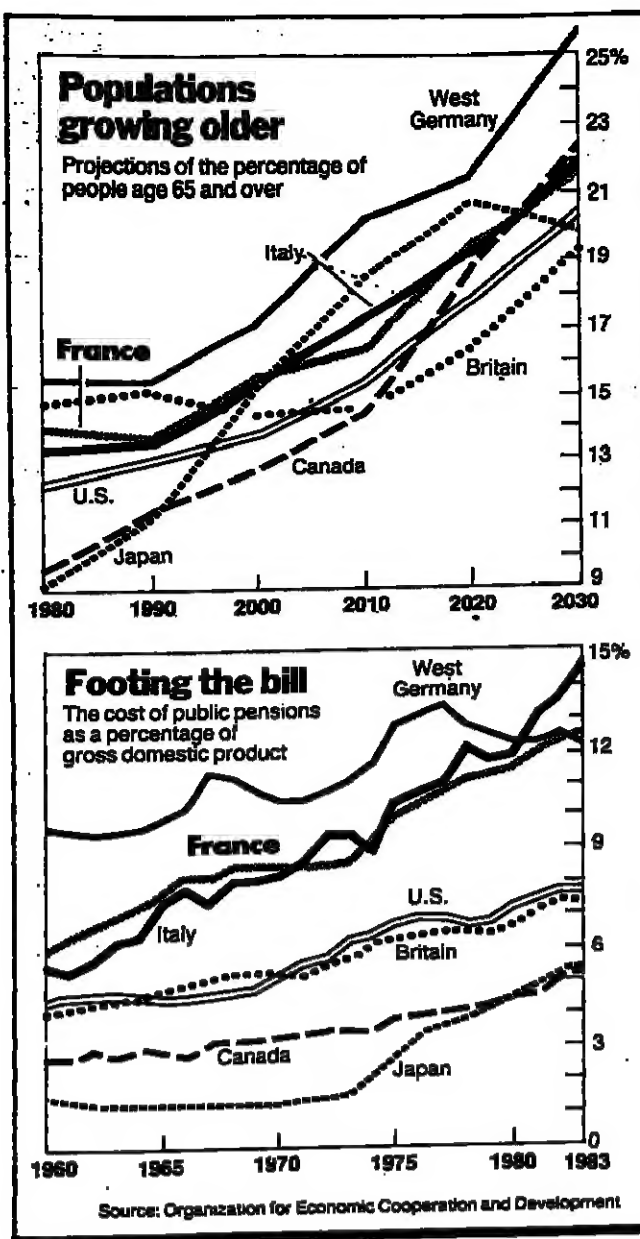
The special commission created to study the situation released its findings last month, suggesting a variety of measures to put the system back on its feet. These included placing a new tax on the individual's gross income at its source, the rate for which would be decided each year by the Parliament.

To cut costs, the commission proposed outlawing advertising on tobacco and alcohol products, which are believed responsible for 50,000 deaths a year in France and for a large portion of health care expenditures. It also suggested limiting the number of new doctors and eliminating surplus hospital beds.

The report also called for a more streamlined, efficient management.

The proposals drew predictable fire from organized labor, retirees and the powerful French medical establishment at recent public hearings, reflecting the political sensitivity of the problem.

JACQUES NEHER, a journalist based in Paris, is a regular contributor to the International Herald Tribune.



Job seekers filling out forms at a National Employment Agency office.

## Searching for a Formula To Brake Unemployment

**P**ARIS — Just when economists began seeing a thin ray of light at the end of a long tunnel of joblessness in France, last month's stock market crash came along to blacken the scene again.

As such, most observers expect that France's chronic unemployment will be high on the list of campaign issues confronting contenders for the French presidency next May.

However, they say, it probably will not affect the outcome, as the problem has been mounting since 1973 under both conservative and Socialist governments.

"Unemployment will be a very important theme in the election, but it won't much affect the choice of candidates because the people now know there are no miracle solutions," said Guy Longueville, an economist with Banque Nationale de Paris.

France's unemployment rate, which hovered around 2 percent through much of the 1960s boom, took flight after the first oil shock, growing to 4.1 percent by 1973 and, following the second oil shock, to 6 percent by 1979.

With wrenching industrial restructuring sparked by the 1980-1982 recession, the layoffs multiplied, particularly in the steel, auto, coal and shipbuilding industries. The jobless rate grew to 10 percent in 1984, 10.2 percent in 1985 and 10.5 percent last year. By August, it had reached 10.7 percent.

Encouraging news came in September when unemployment dropped back to 10.3 percent, providing the first signs that France was beginning to create jobs.

In fact, Mr. Longueville said he expected the final quarter's statistics to show a net gain of new jobs, with the growth of service-sector employment outweighing the loss of jobs in the industrial sector.

But for next year, the outlook has suddenly turned gloomy as a result of the stock market plunge. "We've just revised our estimates for economic growth in France down to only 1 percent in 1988," said Mr. Longueville. "In that context, we can't help but see a new net loss of jobs."

Even before the stock market turmoil, a world labor market report issued by the Paris-based Organization for Economic Cooperation and Development projected that joblessness in France would hit 11 percent in 1988, the highest of the seven leading industrial countries.

That study presumed an economic growth rate of 2 percent, a figure it now is also revising downward. Translated into human terms, France has about 2.6 million people searching for work in a population of 55.5 million.

About 25 percent of the job-seekers are in semi-skilled trades, while another 15 percent have no skills, according to government statistics. Roughly 12 percent of the unemployed are immigrants, about three-quarters of them from outside the Common Market.

As in many countries, unemployment has hit young workers the hardest. In 1986, the jobless rate for French teen-agers was 29.2 percent, and 22.2 percent of those between 20 and 24 years old were also without work.

As worrisome to French officials is the level of long-term unemployment, which, according to the OECD study, is particularly severe in France. The long-term unemployed — those out of work for more than one year — now number about 835,000, and OECD economists see that number growing to 1.2 million next year, or about 45 percent of all the jobless.

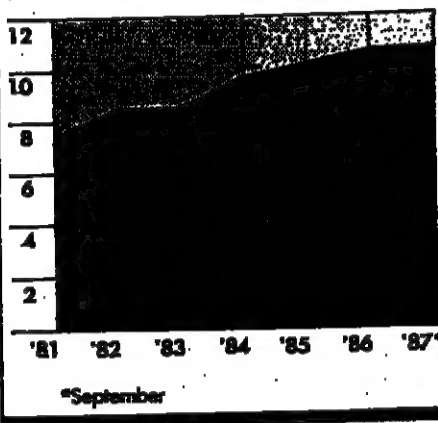
This year, Labor Minister Philippe Seguin accelerated programs to retrain the long-term unemployed, but it is debatable how many will find jobs when the training is finished.

In addition, about 178,000 workers under age 25 are enrolled in a highly touted youth employment program called TUC, or *travaux d'utilité collective*.

### Out of Work

Jobless rolls remain at peak for a second year

(as percent of civilian labor force)



Launched in 1984, TUC provides government-subsidized wages for part-time work.

In all, about 300,000 people are enrolled in some kind of government-sponsored retraining or "re-insertion" programs and, as such, are not included in the rolls of the jobless.

If included, economists say they would add about one point to the unemployment rate, bringing it to 11.5 percent.

Michel Delabarre, the labor minister under the Socialist government, recently accused his successor of trying to "artificially" lower the unemployment rate by spending most of the money budgeted in 1988 for these retraining programs in the first quarter, before the elections. Mr. Delabarre said this would leave a "time bomb" in the hands of the next government. Mr. Seguin has not responded.

Meanwhile, the government is taking other measures in an effort to find jobs for displaced workers. For example, earlier this year, it launched so-called enterprise zones in three regions affected by the phasing out of the Normed shipbuilding yards. More than 7,000 Normed employees will be left without work by the end of next year.

The program, which gives 10-year corporate income tax holidays to job-creating companies starting operations in the zones, has already received start-up commitments accounting for more than 1,000 new jobs, according to Industry Minister Alain Madelin.

Others are taking matters into their own hands. An organization called the France Foundation was launched in August to help people start their own job-creating businesses. It utilizes retired executives and donated expertise from the legal and business professions to help would-be entrepreneurs overcome the obstacles to starting a business in France. Guy Courtois, president of the organization, hopes to help create one million workdays for the unemployed within the next 18 months.

While few are optimistic about the short-term outlook for employment in France, the longer-term view is a bit brighter.

With the peak of the demographic curve already entered into the work force, Paul Horne, an economist with Smith Barney in Paris, sees better chances for a significantly lower jobless rate, perhaps between 7 percent and 9 percent by the early '90s, he said. "But I don't see that before the early '90s," he said, "after the next recession."

Jacques Neher

## Moslem Mosaic Presents Puzzle for Nation

Continued from page 1

to become involved with society even if it were fully to accept them.

If these factors tend to militate against integration, at least in the short term, Mrs. Valensi and other experts say there are powerful forces leading toward integration in the longer term.

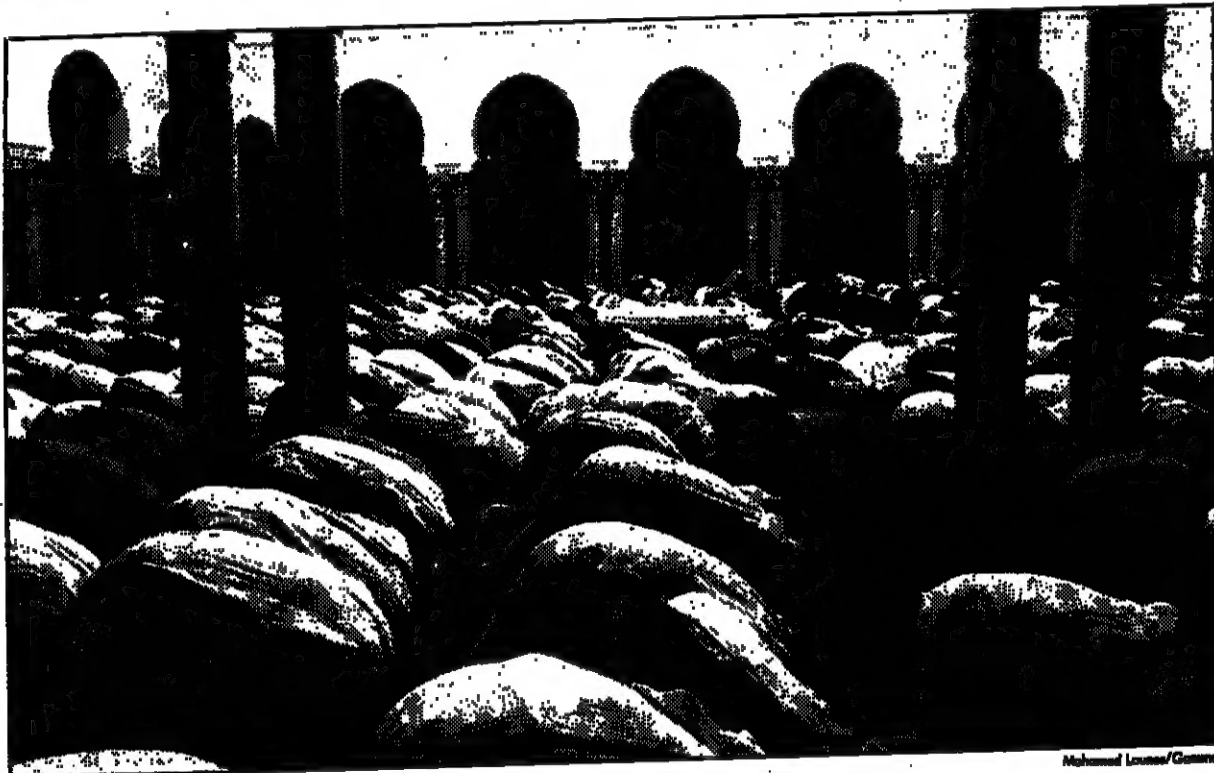
The French government, in cooperation with member countries of the Arab League, is about to open an Institute of the Arab World in Paris, in what a spokesman agreed is an attempt to diminish racial tensions. The hope is that the museum and documentation center, about one-quarter the size of the massive Pompidou Center in Paris, will help the French man-in-the-street to appreciate Middle Eastern culture rather than regard his Arab neighbors as an illiterate and crime-ridden threat to society.

The racial problem is especially complex in the southern port of Marseille, where more than 120,000 immigrants from North Africa, making up about 10 percent of the population, have changed the aspect of entire areas of the city, and where the extreme right holds about one-fifth of the vote. But the slurs and epithets that are often directed against the newcomers are exactly the same as those made at the turn of the century against Italian immigrants, who have since successfully integrated.

"In the French political tradition, there has always been a proportion of fanatics — first against the Protestants, then against the Jews, now against the Arabs," Mrs. Valensi said. "But there has always been an Emile Zola to say 'Enough!' So far, the second tendency has always won, and I think it will in future. Le Pen and his followers are violent, but they will remain a minority."

Although Islam has been present in France since the 8th century, it remained a tiny minority until the end of the Algerian War 25 years ago. That war brought to France more than 900,000 French settlers, known as  *pieds noirs* , and about 400,000  *harkis* , Arabs who fought on the French side during the war of independence, and their families.

While the  *pieds noirs*  quickly integrated, the  *harkis*  remain traitors to their native land and outsiders in France. Many still live in the rudimentary camps in which they were first settled, with eight out of 10 adults



Moslems at prayer in the Grand Mosque of Paris, a focal point of Islam in France.

unemployed in some areas and a high rate of crime.

The 1960s economic boom later brought hundreds of thousands of immigrants to France from Algeria, Morocco and Tunisia. They were regarded as temporary workers, but many remained, creating a second-generation class of children who, like the  *harkis* , are neither integrated into French society nor accepted by the countries whose passports they hold.

"You have kids in Marseille who have Algerian parents but who speak with the local accent and would be regarded as foreigners if they went 'home' to Algeria," Mrs. Valensi said.

Some argue that the rootlessness of many second-generation immigrants and their sense of frustration over poor living conditions and lack of employment prospects makes them prone to accept fundamental-

ism and to turn to violent solutions. While this may be true in individual cases, it is not generally borne out by the evidence, which indicates that after the first generation of immigrants, religious ideology tends to wane.

According to Bruno Etienne, author of a recent book on radical Islam, only about 5 percent of Moslems in France regularly and actively practice their religion.

In many places, he told a commission which is drawing up a new code of nationality in France, it is possible to see Arab immigrants lining up to play the state lottery or place bets on horses, despite the Islamic prohibition on wagering.

Mr. Kepel said in his book that the greater an immigrant's degree of education and culture, the more likely he or she is to ignore dietary and other restrictions and integrate with French neighbors.

And Mrs. Valensi noted a tendency toward syncretism, the combining of different religious traditions. For example, she said, many nominally Moslem families will respect Ramadan, but they will also buy presents and a tree at Christmas so that their children do not feel left out.

The preoccupation with fundamentalism, she added, "tends to make us forget that many second-generation people might be Moslem by tradition, but that they want to be French and that the next generation may be less attracted to Islam."

"I think Islam is part of a cultural tradition that is already to some extent synthetic and French," she said.

BARRY JAMES is on the staff of the International Herald Tribune.

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Work  
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d year  
civilian labor force]



Source: OECD

1984, TUC provides government-aided part-time work. 800,000 people are enrolled in an unemployment-retraining or 'boot camp' and, as such, are not included in the jobless count.

Confronted with the unemployment rate, bringing it down to 10 per cent.

Mr. Delebarre said his ministry has not responded to the government's request to find jobs for dislocated workers earlier this year, it launched a plan in three regions affected by the closure of shipbuilding yards. He said 10,000 employees will be left without work by the end of next year.

which gives 10-year corporate tax breaks to job-creating companies. The government has already received more than 1,000 applications for more than 1,000 jobs. Industry Minister Alain Madelin said the government is taking matters into their own hands.

called the France Foundation to help people start their own businesses. It utilizes retired executives' expertise from the legal and business world to help would-be entrepreneurs in France.

help would-be entrepreneurs in France to start a business in France. The organization has helped create one million workdays for the unemployed in the next 18 months.

are optimistic about the situation. Employment in France, the largest in the world, is expected to grow by 1.5 per cent in 1988.

of the demographic curve that will reduce the work force. Paul Herve, an economist at Barneys in Paris, sees better chances for lower jobless rate, perhaps below 9 per cent.

see that before the early '90s, 'lead to recession.'

Jacques Nadeau

and more than 100,000 jobs in the industry.

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# Dollar Effect Sharpens Exporters' Problems

By Jacques Neher

**P**ARIS — Already suffering from an eroding share of the world market, French exporters are likely to experience a further setback because of the dollar's latest decline.

The exchange-rate effect, say economists, will add to more fundamental problems contributing to France's trade deficit, which is expected to soar to 35 billion francs (\$6.14 billion) this year.

France's worsening trade position, particularly in industrial goods, has caused waves of alarm on both ends of the political spectrum and is sparking calls for a policy to promote export development.

In a recent report before the National Assembly, Aymeri de Montequiou, a lawmaker from Gers, warned that the "deterioration of our industrial trade... is far from ended."

Through October, France's trade deficit had mounted to 31.2 billion francs, against a deficit of only 2.4 billion francs in the same period of 1986.

For 1988, the government is speaking with two different voices in its outlook. Edouard Balladur, the finance, economics and privatization minister, in his budget for next year, has projected a trade deficit of 32 billion francs, while Foreign Trade Minister Michel Noir believes the trade accounts can be brought into balance, due largely to expected deliveries of Airbus aircraft.

Mr. Noir said last week that the worsening deficit was a result of higher import levels. "We must fight against the snobbism that consists in buying foreign [goods] rather than French," he said.

Economists, however, blame both the dollar and poor corporate strategies for the deterioration of France's trade performance.

Paul Horne, economist with Smith Barney in Paris, said the dollar's latest fall will give French products a significantly rougher time in the "dollar zone" — North and South America and the Far East.

As a result, he said, "Instead of exports growing 3 percent next year, we may now see 2.5 percent."

The dollar, which peaked at a little over 10 francs in the spring of 1985 and fell to an

average of almost 7 francs last year, started 1987 at about 6.4 francs. Soon after, it descended to around 6 francs, where it had held until last month's world stock market crisis.

By mid-November, the dollar was trading at around 5.7 francs. This means that a bottle of French wine that sold for \$10 in the United States 30 months ago would now have to be priced at around \$17.50 to yield the same revenue for the French exporter — and that is not taking into account inflation.

That leaves the exporter to the United States and other dollar-zone countries a choice between raising prices to compensate for the currency exchange losses, suffering lost sales as a result, or accepting a fall in the profit margin in order to maintain market share.

Initial figures indicate that many companies are picking the first course. Last year, French exports to the United States fell 19 percent to 61 billion francs.

In the process, the United States' importance as an export market for France fell from third place in 1985, behind West Germany and Italy, to fifth place, behind Britain and Benelux.

The falling dollar helped transform France's 2.2 billion franc trade surplus with the United States in 1985 into a 6 billion franc deficit in 1986. France last year imported 67 billion francs worth of American goods, down 8 percent from 1985.

Meanwhile, Mr. Horne said the franc's "effective devaluation" against the Deutsche mark over the past month could help French exporters pick up additional sales in West Germany and the Netherlands, where the guild generally follows the mark.

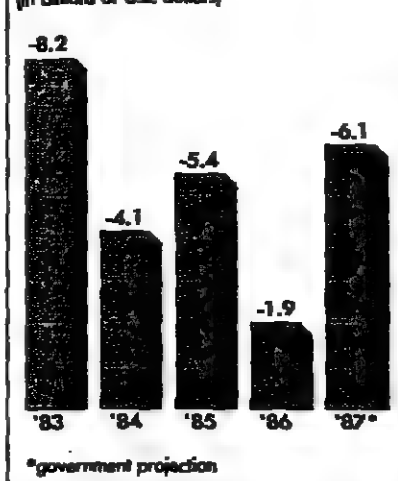
The rise of the mark against the dollar in recent weeks has pushed the franc down against the German currency, sparking speculation that a realignment of the European Monetary System may be on the horizon.

Last year, France imported goods worth 172 billion francs from West Germany, an 8 percent increase from 1985. Exports rose only 2 percent to 133.1 billion francs, making France's trade deficit with West Germany grow from 28.6 billion francs to 38.9 billion francs.

But if previous devaluations are an indication, there is no guarantee that a weaker franc will necessarily produce more sales.

## Trade Woes

France's trade deficit, down dramatically last year, is now soaring. (in billions of U.S. dollars)



"It's not always a question of price, but also of quality and image," noted Petra Ott, economist with Citibank in Frankfurt. "French products don't have such a good image in the German market."

Indeed, exchange rates are not entirely responsible for France's declining trade position. A recent report by INSEE, the national economic forecasting agency, blamed French companies for not focusing their energies in growing product categories, while also failing to hold on to profitable market shares they had already captured.

Claiming that France needs a large-scale policy to develop exports in the years ahead, Mr. Montequiou earlier this month told his fellow lawmakers at the National Assembly that "to accept the deterioration of our commercial trade would be suicidal."

His trade proposals included:

- Government intervention to promote bilateral relations between France and high potential markets such as South Korea, India, Brazil, Indonesia and China.

- Promotion of "triangular" operations, using French capital and know-how to manufacture, with joint venture partners in Asian countries, products for the French-speaking African market.

- Tax reductions for companies that increase the ratio of exports to total sales each year.

# Defense Policy Keyed to Bonn

French and West German concepts of defense and fears of war differ radically.

By Julian Nundy

**P**ARIS — Twenty-one years after forcing the North Atlantic Treaty Organization to move its headquarters out of Paris, France's defense planning is firmly axed on cooperation with its West German neighbor.

The symbolic centerpiece of this cooperation is the forthcoming formation of a joint French-West German brigade under French command that will be based in West Germany.

The two countries agreed on Nov. 13 to set up a joint defense and security council next Jan. 22.

Its creation, foreseen in the original French-West German treaty of reconciliation concluded by President Charles de Gaulle and Chancellor Konrad Adenauer on that date in January 1963, could appear to be a logical extension of the cooperation that exists in many other fields.

But it brings together nations whose concepts of defense and fears of war differ radically.

France, with its independent nuclear deterrent, has strengthened its armed forces over the past 20 years with the apparently broad-based support of the population and certainly without the vocal pacifist opposition found in West Germany.

Officials on different sides of the political divide in France attribute this "political consensus" to France's determination, originally laid down by De Gaulle, to build

an independent defense, outside NATO's integrated command structure.

While France fiercely defends its right to maintain its own nuclear force, the West Germans are haunted by the prospect that any nuclear war could well be played out on their soil.

Last month, during a state visit to West Germany, President François Mitterrand attempted to allay such fears.

In France, it is the president who decides on the use of nuclear weapons so his word would be crucial whatever the composition of his government or Parliament.

Officials say Mr. Mitterrand has decided against the use of France's short-range Hades and Pluton systems that would be used in a battlefield context and, therefore, in any Central European arena, preferring instead to keep nuclear weapons for a purely deterrent role.

"The idea of a limited nuclear war is stupid," said one aide to Mr. Mitterrand. "We want to rehabilitate deterrence."

Although officials at the Elysée Palace say they do not perceive any Soviet threat to Western Europe under its current leadership, they specify that France's nuclear planning is aimed against Moscow.

"We must keep our ability to impress the Soviet Union directly," one said.

At a press conference in Hannover last month, Mr. Mitterrand said: "I am simply concerned with preserving French deterrence. I have repeated that it is not a matter of winning a war but of preventing one."

He added that nations "seek very often to obtain the fruits of war without making war. That is the strategy of threats."

To resist this, he said, France had a "strategy of nuclear deterrence and strategic nuclear deterrence is quite simply the ability of



President François Mitterrand and Chancellor Helmut Kohl during consultations in West Germany this month.

a country to reach the soil of an aggressor directly."

The creation of a joint army brigade, made up of two battalions from each country and based at Böblingen in West Germany, is French officials say, purely a symbol and does not preclude any attempts to merge the two armies.

The French troops will come from France's First Army Corps while the Germans will be from territorial forces that are not under NATO command.

Given Germany's defeat in World War II, the commander of the brigade will be French, while its general staff will be mixed.

**S**OME West German politicians have suggested that a combined French-West German force could become an example for other European countries which might then join it.

Mr. Mitterrand has said that Italy and Spain and other unnamed countries have expressed an interest, but French officials discounted the likelihood that it could grow into a major pan-European force.

The officials also denied that French involvement with West Germany, possibly NATO's most committed member, implied either any rapprochement with the organization or any attempt to split West Germany away from it.

In general terms, French defense officials still consider the role of the United States in NATO as too preponderant for France to return, preferring a greater European role.

In their Nov. 13 statement, France and West Germany said they would seek to promote the idea of "a European identity" on defense and security, principally through the Western European Union, which groups members of the continent's parliaments.

But French officials said they saw little prospect for fast movement within the Western European Union at the moment and the bilateral cooperation on defense issues "to get into the habit of working together" was probably the best way to make progress.

"We are ready to go very far to help our allies," an aide to Mr. Mitterrand said, "but when it is we who decide."

For this, as far as conventional forces were concerned, France needs to expand its Rapid Action Force, given that the Soviet Union could attack anywhere in Europe and would not necessarily make a first strike through the heavy concentrations of troops along the East-West borders, he said.

The idea of a very mobile, powerful force would be very disturbing to Soviet planners," he added.

# Beyond the Political Fray

Continued from page 1

anti-Chirac barb by declaring that politicians "should also ensure that they do not instigate such disputes."

Budget Minister Alain Juppé, the official government spokesman, then lamented that the center-right parties, "by stressing their differences, are ruining their chances."

The first round of the presidential election will decide whether Mr. Chirac, of the Gaullist Rally for the Republic, or Mr. Barre, of the Union for French Democracy, will go forward against Mr. Mitterrand or whoever is the Socialist candidate.

In the wings for the Socialist candidacy are a Mitterrand rival, Michel Rocard, and former Education Minister Jean-Pierre Chevènement. Mr. Rocard has good poll ratings but few analysts give him a serious chance in a presidential fight.

The fortunes of the once-powerful Communist Party have fallen so low that some predictions give its candidate, André Lajoinie, as little as 4 or 5 percent of the vote.

For Mr. Chirac, the election represents the culmination of nearly 12 years of constant political battling since he resigned from a first term as prime minister in a dispute with President Valéry Giscard d'Estaing in 1976.

For Mr. Barre, who succeeded Mr. Chirac as prime minister and remained in the post until the Socialist victory of 1981, the election will be the end of a campaign to convince the French that their interests lie not with the Socialists or the Gaullists, but toward the center.

The two men's parties have been tied in a series of uneasy alliances for the past 10 years.

Some political sources say that the presidential campaign will inevitably see a fierce battle between them that could strain their parties' ties to breaking point.

According to opinion polls, Mr. Barre, whose score is consistently above the 50-percent mark, is best placed to lead the presidential race for the right.

A poll in the weekly Paris Match last week gave Mr. Barre 51 percent of favorable reactions while Mr. Chirac took only 42 percent, compared to 57 percent when he took office. Fifty-eight percent of those polled said they were satisfied with Mr. Mitterrand as president.

If he runs, Mr. Mitterrand is expected to exploit the theme that he is "president of all the French," expanding on the role of arbiter that he has carved out under cohabitation, while Mr. Chirac can be expected to push the merits of continuity in government policy.

Since Mr. Chirac came to power, his government has had its fair share of buffeting.

Last December, student protests against a series of university reform measures turned to tragedy

when a student died after being beaten by riot police. The demonstrations grew, joined by many middle-class parents, and the government withdrew its proposals. It also postponed debate on other controversial legislation, particularly a new French nationality code.

Later that month, the Christmas and New Year holiday period was ruined for many French families by extensive strikes on the railroads and Paris's Métro.

Once these had ended, with the state railroad agreeing to revise the new working conditions at the root of the conflict, exceptionally cold weather set in, adding to the transport chaos and to public discontent.

Attention then turned to gov-

ernment attempts to create a new class of small shareholders as the main plank of Mr. Chirac's economic program, privatization of state-owned firms, picked up momentum.

While some economists criticized the pace of the reform, saying that too many firms were being denationalized too quickly, the new share issues nevertheless attracted many small savers.

All this ended with the world stock market crash of October and the program has gone into effective abeyance.

Even at the Elysée, where there is no sympathy for privatization, officials say that the French seem to have realized that the collapse of share prices was part of a worldwide phenomenon and not the fault of the Chirac government.

But some analysts say that a backlash from those who put otherwise secure savings into the Paris Bourse is inevitable, perhaps as the voters turn out in April. It will certainly take the edge off vaunting the virtues of economic liberalism during the campaign.

On the positive side, the Chirac government has scored notable successes against terrorism, rounding up a number of alleged members of a pro-Iranian group whose bombs caused 13 deaths in Paris in 1986.

If Mr. Mitterrand runs and wins, his preference will presumably be for a government drawn mainly from his Socialist Party.

But, given that the Socialists are unlikely to regain a majority in Parliament, this will be difficult unless they conclude alliances with the center, political sources said.

Speculation along these lines is

based on theories that the Union for French Democracy, an ally of non-Gaullist center-right parties set up 10 years ago by Mr. Giscard d'Estaing, could fall apart if Mr. Barre loses the election, opening the way for centrist groups to make deals with the Socialists.

Some French commentators see a gravitation of political ideas toward the center as the ideological barriers that have traditionally separated the French have softened. This, they say, would favor a more centrist style of administration. On the left, this is seen as a movement toward the social democracy typical of northern Europe.

If either Mr. Barre or Mr. Chirac wins, acrimony between

Some French commentators see a gravitation of political ideas toward the center.

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WEDNESDAY, NOVEMBER 25, 1987

WALL STREET WATCH

Dollars Invested Abroad Did Better Than in U.S.

By VARTANIG G. VARTAN

NEW YORK — The five-year bull market that drove stock prices to record levels by the end of August proved a bonanza to U.S. investors. But in hindsight, these investors would have fared considerably better had they ventured abroad with their dollars, especially to the Tokyo stock market.

American investors also would have made more money in Britain, West Germany and Switzerland. By the same token, investors abroad reaped bigger profits by sticking to their own stock markets, rather than crossing the ocean to Wall Street.

These comparative strategies are illustrated in stock indexes compiled by Morgan Stanley Capital International for August 1982 to August 1987, several weeks before October's plunge in American stock prices. The U.S. index correlates almost exactly to the Standard & Poor's 500-stock index. Dividends are not included in the results.

"An important part of the benefits of investing outside the United States was due to the decline in the value of the dollar against major foreign currencies," said Mark K. Sladkus, a vice president at Morgan Stanley. "About 40 percent of the returns achieved here has been due to the depreciation of the dollar."

Aside from the benefits from changes in currency rates, foreign markets simply tended to outperform Wall Street prices in the same five-year stretch. For every \$100 invested at home in August 1982, U.S. investors would have received \$268.10 five years later. In Japan, however, the same \$100 would have returned \$770 to American investors, because of rising prices of Japanese stocks and the currency factor. Similarly, each \$100 investment in the West German stock market would have increased to \$420.60. The same investment returned \$368.80 in the Swiss market and \$312.50 in Britain.

If Japanese investors had invested at home, 100 yen would have returned 420.5 yen, as expressed in local currency. In Britain, \$100 would have yielded \$328.1.

BUT had people overseas invested in Wall Street, they would have been sorely penalized by the strength of their currencies against the dollar. Japanese investors would have felt the greatest hardship. For every 100 yen invested in the U.S. market, Japanese investors would receive only 146.4 yen after currency translations. Thus, it would have been almost three times as profitable for the Japanese to invest at home.

Over the five years, the dollar fell 45.4 percent against the yen. It dropped 27.5 percent against the mark and 29.8 percent against the Swiss franc. The dollar actually rose 5 percent against the pound. But for the British investor staying at home, the superior performance of the London market against the U.S. stock market more than compensated for the currency change.

All stock markets suffered in October's dramatic plunge in U.S. equity prices. But prices in Tokyo held up better than other markets, as shown by the period between the end of August and Nov. 18. The Japanese investor who stayed at home saw a decline of 12.9 percent in the value of equity holdings. American investors saw their holdings reduced by 25.2 percent. In Switzerland and Britain, the decline was slightly more than 26 percent. Stay-at-home German investors saw their holdings fall 34.4 percent.

For individuals in the United States, the simplest way to invest abroad has been to use international mutual funds. An index of these funds compiled by Lipper Analytical Services shows that, on average, a \$100 investment turned into \$444 in five years, if dividends and capital gains were reinvested.

Aside from benefits from currency changes, foreign markets simply performed better.

Car Sales In U.S. Fall 12%

Mid-November Is Slowest Since '81

United Press International

DETROIT — U.S. automakers reported a 12 percent drop in new car sales for the Nov. 11-20 period Tuesday, although sales of domestically manufactured light trucks rose 19 percent from levels of a year ago.

The eight companies — General Motors Corp., Ford Motor Co., Chrysler Corp., Honda Motor Co., Volkswagen of America, Nissan Motor Manufacturing U.S.A., Toyota Motor Sales U.S.A. and Mazda Motor Manufacturing (USA) Corp. — said they had combined sales of 172,552 cars in the United States during the period.

That compared with 196,159 units sold in the same period in 1986, when Toyota was increasing production of its U.S.-made cars.

Light truck sales amounted to 109,625 units, up 19 percent. General Motors, Ford, Chrysler and Nissan all built such vehicles domestically.

The daily selling rate of 19,172 cars compared with 21,795 for the same period last year, and was the slowest selling rate for mid-November since 1981.

The annualized rate for the industry during the period was 5.7 million cars, against 6.2 million last year.

So far in 1987, the firms have sold nearly 6.36 million cars, down 14 percent from the almost 7.4 million units sold in the comparable 1986 period.

Analysts said the industry had shown stability following the Oct. 19 stock market collapse and that many of the sales declines were evident among the higher-priced cars, most notably those made by GM.

"We believe the data is still not clear because many cars now being delivered were ordered before the crash," said Michael M. Luckey, of Shearson & Lehman Bros. in New York. "We'll have to wait for December before we can tell."



Pehr G. Gyllenhammar, chairman of Volvo AB of Sweden, at his Paris office.

Dollar Nudges Volvo Off Old Road

If Krona Rises Further, Group Might Make Cars in U.S.

By Jacques Neher

Special to the Herald Tribune

PARIS — Sweden's biggest industrial group, Volvo AB, is considering producing cars in the United States if the dollar drops much further, according to the company's chairman, Pehr G. Gyllenhammar.

A move to manufacture locally a portion of the 100,000-plus cars Volvo currently sells annually in the United States, its single biggest market, could also be prompted by protectionist legislation being considered by Congress, said Mr. Gyllenhammar, who is also chief executive, in a Paris interview.

"It wouldn't be possible for us to find a replacement for the U.S. market; we'd be absolutely determined to stay," he said. "If that means producing more in the United States, we would go ahead."

In a wide-ranging interview, Mr. Gyllenhammar, 52, also said that:

• He expects a worldwide economic downturn in 1988.

• Volvo is shopping for U.S. and European companies in the

food industry to hedge against the cyclical swings of the automotive business.

• The almost year-old U.S. truck-making joint venture with General Motors Corp. has gone better than anticipated and Volvo is seeking additional truck manufacturing capacity.

Though he would not venture

Volvo is also shopping for food companies to hedge against auto industry swings.

an opinion on the dollar's course, Mr. Gyllenhammar said that if it declined by another 15 percent or 20 percent, "it would begin to get painful." Under such circumstances, he said, U.S. car production would be "conceivable."

The declining dollar has trimmed more than 3 billion kronor (about \$500 million) from Volvo's profits in the past 21 months, including 1 billion kronor

in the first nine months of 1987.

Mr. Gyllenhammar said that within six months, the cushioning effects of Volvo's currency-hedging strategy would be reduced to the point that the rate of forward contracts on the dollar would be almost the same as the prevailing market rate.

As a result, a further drop in the dollar would be felt immediately on the company's bottom line.

In the past year, Volvo has raised its U.S. car prices three times for a total increase of about 5 percent. And while further increases are envisioned to help offset the falling dollar, Mr. Gyllenhammar said they would not be made at the expense of market share.

If U.S. manufacturing were necessary, he said, Volvo could either "start from scratch" by building new facilities or else acquire factories shut down recently by other automakers.

On Friday, Volkswagen AG of West Germany announced it would close and sell its U.S. factory in Missouri.

See VOLVO, Page 13

U.S. GNP Grew At Strong 4.1% Rate in Quarter

Compiled by Our Staff From Dispatches

WASHINGTON — The U.S. economy grew at a 4.1 percent annual rate in the third quarter, improving the odds of the government meeting its growth target this year, the Commerce Department said Tuesday.

The growth in July through September is likely to cheer economists and financiers because it means the economy was stronger than had been thought in the days before the Oct. 19 stock market collapse.

Also Tuesday, the government said that corporate after-tax profits rose 5.2 percent in the third quarter, the best showing in a year.

The department last month estimated that gross national product, the country's total output of goods and services, had risen at a 3.8 percent annual rate after inflation during the third quarter.

But it revised that figure Tuesday after discovering more personal spending and business investment and more exports than it first detected. Those overcame cuts in earlier estimates of government and home spending.

The department also reported that the implicit price deflator, an inflation gauge, rose at an annual rate of 2.8 percent in the third quarter instead of the 2.4 percent estimated a month ago. The deflator expanded at a 3.5 percent rate during the second quarter.

The 4.1 percent annual rate of growth compares with a 2.5 percent rate in April through June.

The average annual rate for the first nine months of the year works out to 3.7 percent, far better than the 3.2 percent growth the federal government counted on when it figured its revenues for 1987.

As a result, the economy has to grow at a 1.8 percent rate from Oct. 1 onward to hit that target.

However, the stock market collapse last month sucked hundreds of billions of dollars out of the economy, frightening potential investors around the world.

Before the collapse, many economists were expecting the economy to grow at little more than a 1.8 percent rate. After the fall, many

Trade Deficit Swells to Record \$39.83 Billion

The Associated Press

WASHINGTON — The U.S. merchandise trade deficit widened to a record \$39.83 billion in the third quarter as a rise in exports was more than offset by a surge in imports, the government said Tuesday.

The increase followed a \$39.56 billion shortfall in the April-June quarter, which was the previous record.

Analysts saw the report as further evidence that the deficit is showing little sign of abating, even though a falling dollar has boosted exports by making U.S. goods less expensive abroad.

Imports increased in the quarter by 6 percent to \$5.4 billion, but exports increased by 9 percent to \$6.3 billion.

The deficit with Japan, the country with which the United States has regularly run the largest deficits, fell by \$800 million to \$13.5 billion. But this was offset by increases in the deficits with Hong Kong, South Korea, Singapore and Taiwan.

analysts cut their expectations even further.

Tuesday's report could help dash predictions of an imminent recession, however. The 4.1 percent growth rate is the second-best showing in the past nine quarters and is likely to be viewed by economists as a sign of unsuspected vigor in the economy.

With the latest adjustments, the government estimates that GNP grew by \$38.1 billion, adjusted for inflation, in the third quarter to reach \$3.83 trillion.

In its corporate profits report, the department said that the 5.2 percent growth was the best showing since the third quarter of 1986, when profits rose 6.5 percent.

(UPI, Reuters)

Currency Rates

Cross Rates	Nov. 24
American dollar	1.0000
British pound	1.6450
French franc	6.5455
German mark	1.9363
Italian lira	2.3667
Japanese yen	163.89
Netherlands guilder	2.2037
Spanish peseta	166.64
Swiss franc	1.4836
West German mark	1.9363
Yen	163.89

Chained in London, Tokyo and Zurich, figures in other centers, New York closing rates. Commercial rates for U.S. dollars: To buy one dollar: To sell one dollar: Units of 100: Not rounded: N.A.: Not available.

Other Dollar Values	Nov. 24
Australian dollar	0.7500
Belgian franc	36.3636
Canadian dollar	0.7500
Chinese yuan	1.5000
Deutsche mark	1.9363
Dracma	200.0000
Escudo	200.0000
Florin	2.3667
Guinea	1.9363
Irish pound	0.7500
Israeli sheqel	1.9363
Italian lira	2.3667
Japanese yen	163.89
Malaysian ringgit	2.3667
Mexican peso	1.9363
New Zealand dollar	0.7500
Portuguese escudo	200.0000
South African rand	1.9363
Swedish krona	1.9363
Swiss franc	1.4836
Taiwan dollar	1.9363
Thai baht	1.9363
Yugoslav dinar	1.9363

New York rates unless marked (local rates).

Forward Rates	Nov. 24
30-day	1.2750
60-day	1.2750
90-day	1.2750
180-day	1.2750
360-day	1.2750

Sources: Reuters Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Paribas de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); BAH (Geneva, Zurich, Frankfurt); Gosbank (Moscow). Other data from Reuters and A.P.

Interest Rates

Reserve Deposits	Nov. 24
1 month	5 1/4%
3 months	5 1/4%
6 months	5 1/4%
1 year	5 1/4%

Sources: Morgan Guaranty (London), D.M. & P. (Paris), FF (Lyon), Bank of America (New York), Reuters (SDR). Rates applicable to interbank deposits of \$1 million minimum (or equivalent).

Key Money Rates	Nov. 24
3-month T-bill	7 1/4%
6-month T-bill	7 1/4%
1-year T-bill	7 1/4%
3-month Treasury note	7 1/4%
6-month Treasury note	7 1/4%
1-year Treasury note	7 1/4%

Sources: Reuters Bank of Tokyo, Commercial Credit (London).

Asian Dollar Deposits	Nov. 24
1 month	6 1/4%
3 months	6 1/4%
6 months	6 1/4%
1 year	6 1/4%

Sources: Reuters Bank of Tokyo, Commercial Credit (London).

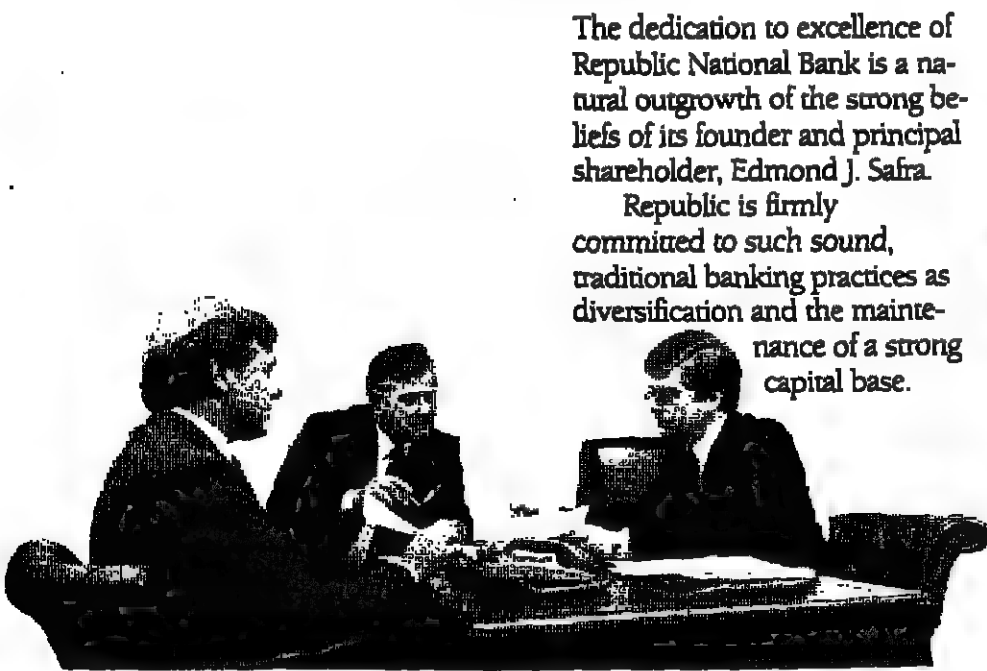
U.S. Money Market Funds	Nov. 24
Mutual Shares	4.95
30-day average yield	4.95
Yield rate	4.95

Sources: Merrill Lynch, Telerate.

Gold	Nov. 24
Gold price	372.50
Gold lease	47.50
Gold futures	47.50
Gold options	47.50

Sources: Reuters Bank of Tokyo, Commercial Credit (London).

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is a single, fundamental principle: the protection of depositors' funds.

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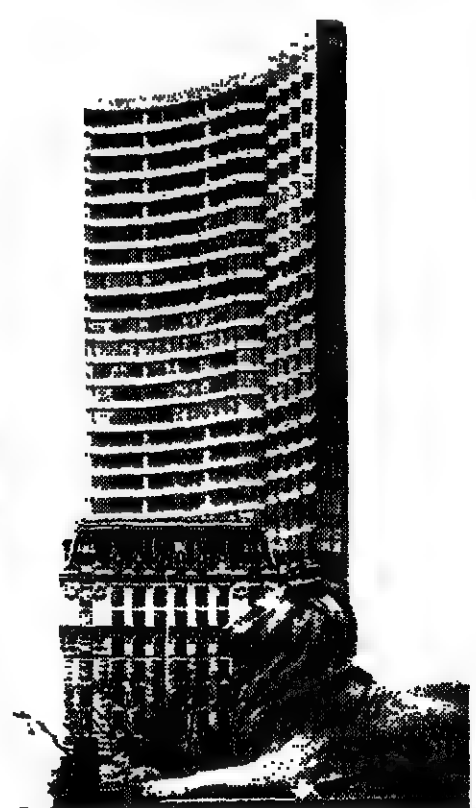
Republic's subsidiary in Luxembourg provides private banking clients with the protection of the stringent banking laws of that



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And Republic's expertise internationally allows you to take advantage of opportunities to better manage your investments on a global scale.

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FIGURES AS AT DECEMBER 31, 1986:  
TOTAL ASSETS:  
US \$ 168 billion  
SHAREHOLDERS' EQUITY:  
US \$ 1.6 billion



NYSE Most Actives				
Vol.	High	Low	Last	Chg.
Dow Jones	1791	1785	1785	-6
IBM	1785	1780	1780	-5
AT&T	1780	1775	1775	-5
Amex	1775	1770	1770	-5
GE	1770	1765	1765	-5
Boeing	1765	1760	1760	-5
Microsoft	1760	1755	1755	-5
Apple	1755	1750	1750	-5
Oracle	1750	1745	1745	-5
Unisys	1745	1740	1740	-5

Market Sales				
NYSE 4 a.m. volume	199,000,000			
NYSE prev. close	144,000,000			
Amex 4 a.m. volume	12,000,000			
Amex prev. close	10,000,000			
OTC 4 a.m. volume	12,000,000			
OTC prev. close	10,000,000			
NYSE volume up	12,000,000			
NYSE volume down	12,000,000			
NYSE volume up	12,000,000			
NYSE volume down	12,000,000			
NYSE volume up	12,000,000			
NYSE volume down	12,000,000			

NYSE Index				
High	Low	Close	Chg.	Vol.
1791	1785	1785	-6	199,000,000
1785	1780	1780	-5	12,000,000
1780	1775	1775	-5	12,000,000
1775	1770	1770	-5	12,000,000
1770	1765	1765	-5	12,000,000

NYSE Diary				
Close	Prev.	Chg.	Vol.	Chg.
1791	1785	-6	199,000,000	
1785	1780	-5	12,000,000	
1780	1775	-5	12,000,000	
1775	1770	-5	12,000,000	
1770	1765	-5	12,000,000	

NYSE Bond Averages				
Open	High	Low	Last	Chg.
1791	1785	1785	1785	-6
1785	1780	1780	1780	-5
1780	1775	1775	1775	-5
1775	1770	1770	1770	-5

NYSE Most Actives				
Vol.	High	Low	Last	Chg.
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IBM	1785	1780	1780	-5
AT&T	1780	1775	1775	-5
Amex	1775	1770	1770	-5
GE	1770	1765	1765	-5

NYSE Stock Index				
High	Low	Close	Chg.	Vol.
1791	1785	1785	-6	199,000,000
1785	1780	1780	-5	12,000,000
1780	1775	1775	-5	12,000,000
1775	1770	1770	-5	12,000,000
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Oracle	1750	1745	1745	-5
Unisys	1745	1740	1740	-5

### NYSE Up Sharply on Rate Cuts

United Press International

NEW YORK — Prices on the New York Stock Exchange advanced Tuesday in active trading as investors embraced signs of renewed cooperation between the Western industrial democracies and favorable economic news from Washington.

The Dow Jones industrial average, which rose 9.45 Monday, rose 40.45 to close at 1,963.53. The Dow had been ahead more than 50 points in the early afternoon.

Broader market indexes also gained. The New York Stock Exchange index rose 1.80 to 137.93. Standard & Poor's 500-stock index rose 3.40 to 246.39. The average share rose 41 cents.

Advancing issues outpaced losers by more than a 2-1 ratio. Volume totaled 199.52 million shares, up from 143.16 million shares traded Monday.

"There was powerful breadth. The institutional buyers were quite evident," said Chester Pado, director of technical research at Jefferies & Co. in Los Angeles. "The advance was broad enough to show dynamic action."

Mr. Pado said that profit-taking was a "reasonable explanation" for some of the slippage in the late going because sharp appreciation often contributes to selling pressure.

Analysts said the market was encouraged by signs of renewed cooperation among the United States and its major trading partners. They said the budget accord reached in Washington on Friday, although not everything Wall Street wanted, was the first positive move.

NYSE Most Actives				
Vol.	High	Low	Last	Chg.
Dow Jones	1791	1785	1785	-6
IBM	1785	1780	1780	-5
AT&T	1780	1775	1775	-5
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Boeing	1765	1760	1760	-5
Microsoft	1760	1755	1755	-5
Apple	1755	1750	1750	-5
Oracle	1750	1745	1745	-5
Unisys	1745	1740	1740	-5

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Microsoft	1760	1755	1755	-5
Apple	1755	1750	1750	-5
Oracle	1750	1745	1745	-5
Unisys	1745	1740	1740	-5

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## At Some Commercial Banks, U.S. Stock Fallout May Mean Lower Fees, Defaults — Even Bankruptcy

By Eric N. Berg  
New York Times Service

**NEW YORK** — A month after the stock market collapse, a growing number of banking analysts believe that commercial banks will suffer from its impact.

There clearly will be a negative effect on banks from the stock market crash, said James J. McDermott of Keefe, Bruyette & Woods Inc., a Wall Street firm that specializes in bank stocks. "The only question is to what extent it will affect bottom lines."

Unlike the third quarter, when banks' loan quality largely improved and earnings in general rose sharply, the current quarter could be disappointing.

The deepest concern among analysts is that a sharp fall in consumer spending could hurt many commercial borrowers, or worse, send them into bankruptcy as sales taper off.

Analysts are also watching the quality of takeover-related loans. These loans, which have been used in tandem with high-yield junk bonds to finance corporate takeovers, have proliferated in recent years. So far, there have not been any major defaults.

"At best, credit quality will go sideways. And more realistically, it will deteriorate," said J. Richard Fredericks of Montgomery Securities in San Francisco.

In addition, while bank income has

been rising throughout much of 1987 and continued to be buoyed in the third quarter by noninterest income, the market plunge has put current income growth in question.

Analysts noted that companies tend to borrow more from banks when their share prices are depressed because it is much more difficult to raise the capital they need through the stock market.

But several negative factors are expected to offset this increased borrowing. For example, banks' trust income falls when stock prices drop because trust department fees are tied to the value of stock portfolios.

Also, if the market's plunge chills takeover activity — either because high-

yield bonds cannot be used to help finance takeovers, or because acquirers fear the impact of a recession on their takeover targets — banks active in financing acquisitions would receive fewer fees.

Among those that would be hurt the most, analysts said, are institutions such as Citibank, Bankers Trust, and Manufacturers Hanover, which have established major presences in recent years in financing mergers and leveraged buyouts.

"Fee income from corporate restructuring should initially be hampered," said Robert Albertson, an analyst at Goldman, Sachs & Co.

Of course, not all the aftereffects of the market's collapse will be damaging. At the University of Houston, Paul M. Horvitz, a professor of banking and finance, noted that interest rates are lower than they would have been.

Lower interest rates not only ease many borrowers' debt-servicing burdens and encourage new borrowing, he noted, but also many banks will find the spread, or profit, that they earn on their loans widening because their cost of funds will have declined.

Other banks will enjoy gains on their portfolios as the prices of their interest-bearing debt securities rise as rates decline.

These gains should manifest themselves in fourth-quarter profits. Just a week ago, Bankers Trust Co., citing trading gains in bonds and currencies, said it was revising its 1987 earnings forecast and that it might be profitable. The company had earlier predicted a loss because it had built up its reserves for loan losses.

Still, industry experts say the stock market collapse could not have come at a more inopportune time for the nation's major banks. The banks' return on equity was extremely high in the third quarter, a major reason being that the equity of the banks — the excess of their assets over their liabilities that acts as a cushion against losses — had been

severely depleted in the second quarter. Bank equity had dropped so sharply because the banks had placed aside billions of dollars in additional reserves for losses on foreign loans.

Many banks had expected to replenish their equity with proceeds from stock offerings. Now that the stock market has soured, however, many offerings have been put on hold.

These developments have caused banks to place a premium on controlling expenses. Shareholders should gain from these economies, but many of the millions of Americans who work for banks could suffer. At many banks, particularly in the major cities, total salaries are barely increasing.

## Japanese Banks Target Midwest for U.S. Growth Goal Is More Fortune 500 Business

Reuters

**CHICAGO** — With Japanese business flooding the globe, and particularly the United States, Japan's powerful banking industry is reaching out to the Midwest, the heart of traditional U.S. industries.

At first sight, these banks appear to be chasing overseas production by their countrymen that is designed to overcome the steep rise in the yen's value against the dollar in the past two years.

But Michio Okada of Mitsui Bank Ltd.'s Chicago branch said, "You can't take out a living by only Japanese business."

And Tsuneyasu Nakano, an executive with Mitsubishi Bank Ltd. in Chicago, said that in terms of his operation's outstanding loans, "non-Japanese businesses are six to six times larger than Japanese ones."

Reflecting the growing recognition of the region, Mitsubishi Bank extended its Chicago-based operation early this month by opening a representative office in Columbus, Ohio. That state has 38 companies that are included in Fortune magazine's top 500 U.S. companies.

"There are some 200 companies in the Midwest out of Fortune's top 500," said Masayuki Yano of Sumitomo Bank Ltd.'s Chicago branch. "They are the target of our business."

The Japanese banks' move into the Midwest follows the recent saturation of their business in New York, Japanese bankers said. Small Japanese banks are now flocking to New York, they said.

The priority placed on the Midwest also reflects a second wave of Japanese production in the region, said Shoji Honda, the chief representative of Mitsubishi's Columbus office.

The first wave was triggered by Honda Motor Co., which began car production in Ohio 10 years ago.

Last year, four leading Japanese banks opened offices in Lexington, Kentucky, as Toyota Motor Corp. opted to produce cars in Georgetown, Kentucky. Lexington is regarded as a strategic location because Nissan Motor Co. produces cars in Kentucky's neighboring state of Tennessee.

This month, Mitsui Bank opened a representative office in Detroit, bringing the number of Japanese firms in the city to 130, from 90 last year.

The bankers said that the bulk of their Midwest profits is not derived from business with the Japanese car giants. Most of those transactions are handled in Tokyo.

Rather, the Japanese banks are being rewarded by the growing internationalization of once-conservative Midwest industries, they said.

U.S. companies have opened their doors to Japanese bankers following the swift expansion of the Tokyo financial market and the improved credit standing of Japanese banks.

"Five years ago, I could not meet treasurers" of Midwest companies, Mr. Nakajima said, "but now I can."

New York money center banks retain a strong hold on major corporations in the Midwest, but Japanese banks are beginning to play important roles for their internationalization, Japanese bankers said.

Japanese banks have also established their hold as large U.S. banks spread the risk of supplying big corporate loans by including larger Japanese banks in loan syndications, they said.

The growth of Japanese banks in the Midwest will continue in April when Mitsui Trust & Banking Co. opens a branch in Chicago, the first Japanese trust bank to do so there.

Japanese trust banks with huge pension funds and investment trusts are expected to open branches in the Midwest at the rate of one a year, Japanese bankers said.

They said there had been little conflict between Japanese and U.S. banks in the Midwest, in contrast with the sensitive issue of Japanese expansion in Washington.

State governments and Midwest industries are more concerned about business expansion than politics, the bankers said.

However, bankers are cautious about what will happen when they expand business to smaller companies in the region, they said.

**M**ERGING two large banks can produce significant economies of scale. It can also produce significant programming headaches if the two have different computer systems.

When the Bank of Virginia, a 22-year Unisys customer, merged with a Maryland bank to form Signet, the banks had to decide how to use two very different computer systems. They decided that one system would be

assigned to the new organization's retail business, and the other system to the commercial business.

Since Signet is strongly customer-oriented the big question was, whose equipment would be assigned to handle the retail business?

"The bank has always cared a lot about their retail customers, and they expect us to as well," said Glen Lyons. "Our people showed them how they'd be able to maintain their high customer service

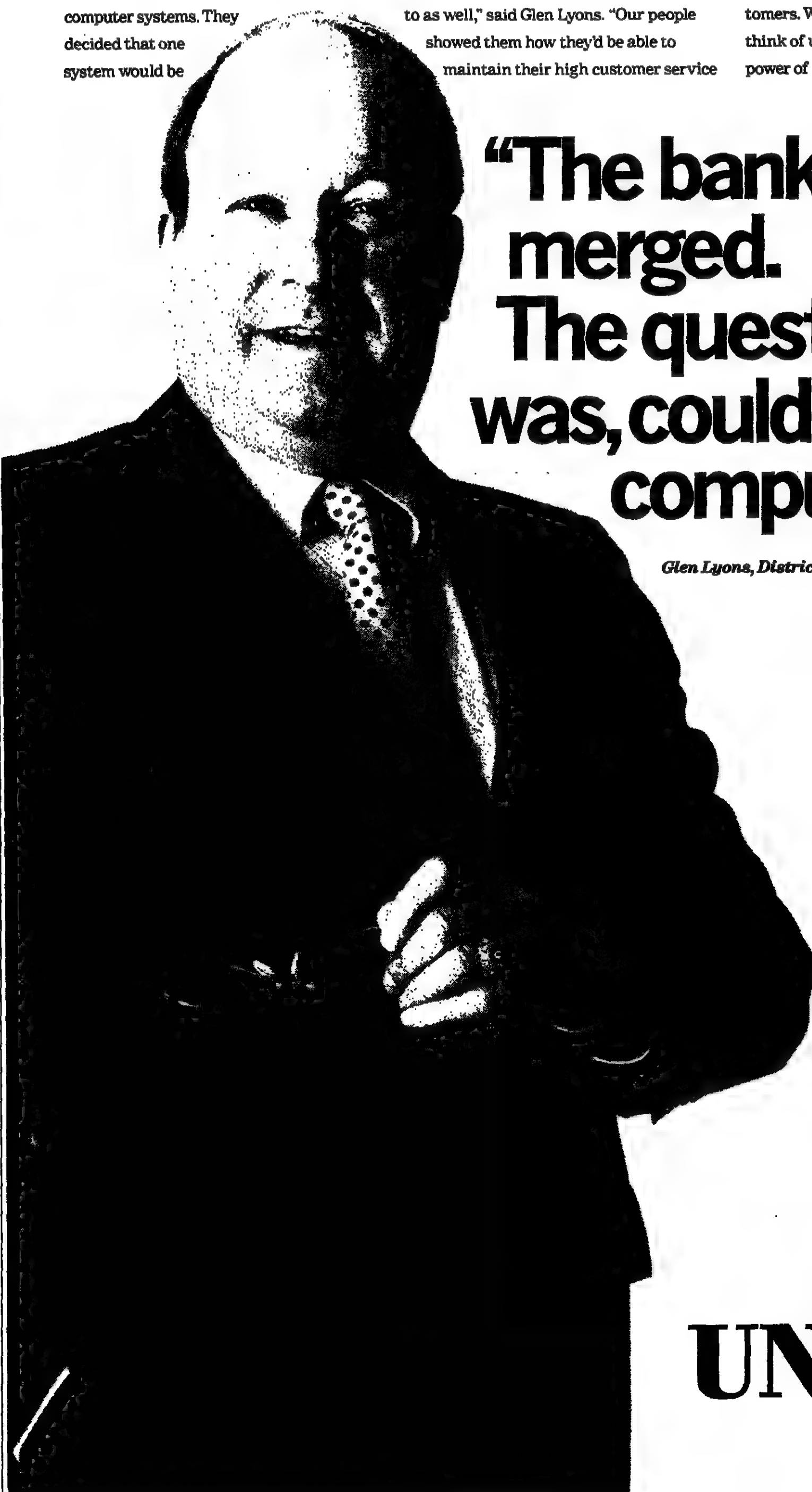
standards, even with 90 new branches, without any interruption of service.

"They knew that we could do it. The bank has grown fast for many years, and Unisys has always kept pace with them. And Signet has never had to rewrite their software.

"It's been real rewarding to work with bankers who care so much about their customers. We work with them so closely, they think of us as family now. That's really the power of 2."

# "The banks merged. The question was, could their computers?"

Glen Lyons, District Manager, Unisys.



## SEC Chairman Seeks a System Of Emergency Cash Infusions

By Nathaniel C. Nash  
New York Times Service

**WASHINGTON** — David S. Ruder, the chairman of the Securities and Exchange Commission, has recommended a system to provide large infusions of cash to Wall Street firms in times of excessive market activity.

The recommendation came as Mr. Ruder advanced his most specific proposals yet for new regulation of the securities markets.

"We need to find a system where there is more capital," he said Monday. "There is just not enough buying power in times of emergency."

After the stock market collapse on Oct. 19, the Federal Reserve Board stepped in to assure the liquidity of the stock market. Mr. Ruder's comments indicated that he would clearly like to establish a formal system to assure such liquidity in future crises.

Without adequate liquidity, the stock market is unable to provide orderly trading. The need for liquidity was illustrated during the collapse, when brokers were inundated with sell orders and were unable to complete the transactions.

In a speech to the National Press Club, Mr. Ruder also indicated that the SEC might recommend changes in the regulation of stock-index futures and other investment instruments that it does not now regulate.

"We are going to be looking at the question of how those products should be regulated," he said. "I do not think that we will, necessarily, be driven to the position that says we must regulate those products."

Stock-index futures are currently regulated by the Commodities Futures Trading Commission, which regulates all futures markets.

Mr. Ruder was responding to concerns about the health of the U.S. securities markets after the wake Oct. 19 collapse. The SEC is conducting an extensive study into what led to the market's biggest one-day sell-off.

Mr. Ruder called for improving stock settlement and clearance systems and order-routing systems, as well as changing regulations so that small investors would have more direct access to the markets in times of excessive volume.

After the plunge, thousands of small investors complained that they were unable to contact their brokers or mutual funds to place orders. Even when they did make contact, many of these investors said the orders often took several days to be executed.

"We need to be concerned most importantly about the availability of broker capital," Mr. Ruder said.

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**Champs-Elysees**  
November 26-27-28  
Grand finale performance  
at 8 p.m.  
from 10 to 11 p.m.

**Fold**  
in the Barman Pit, the Jean Genet season now comes end with "Deathwatch" and "Maid". The double-bill show east of male prisoners fighting, murdering over women and playing to spend the interval in a dressing room in order to play a little game of hide-and-seek. A little game, in fact, but well in line with Genet's themes of sexual transgression, confusion, and an idea where the audience is led to play parallel in both levels to a kind of kinky high-camp of dramatic purpose.  
Undoubtedly "The Man" (based on a killing in Le Mans) recently rather better received. Wendy Kesselman as "My In This House" is the more original piece, a feminist triangle of love and death, the more ending by Genet's play, who also co-directs with the laughter of the two.  
Both groups are about three pieces, each at each other's feet and fear and sexual and through one grows a line of Genet's holy-ed passion, there is in the something both haunting, in the other about these plays, which are lacking in the and more complex. "Bale" (which will remain in the main house) requires the utmost of the group's skill, as when the characters' dialogue and then a sufficient number of actors are powerful in the performance. When the action and found in



[illegible][illegible][illegible][illegible]

<b>Market Guide</b>	
<b>CBOT:</b> Chicago Board of Trade	Chicago Mercantile Exchange
<b>COMEX:</b> Commodity Exchange	International Monetary Market
<b>NYMEX:</b> New York Mercantile Exchange	Chicago Mercantile Exchange
<b>COMEX:</b> Commodity Exchange	New York Cotton, Sugar, Coffee Exchange
<b>NYMEX:</b> New York Mercantile Exchange	Commodity Exchange
<b>NYFE:</b> New York Futures Exchange	New York Mercantile Exchange

[illegible]

43 per mark	
Nov. 24	
9-Game	Feb
1.00	0.6
0.87	0.6
0.75	1.3
0.63	1.6
0.51	2.3

FLensburg, West Germany — Foreign manufacturers' share of West Germany's new car market fell to 31.6 percent in the first 10 months of the year from 32.8 percent in the similar period last year, the Federal Motor Vehicle Office said Tuesday.

Foreign makers' October sales fell to 78,300 cars from 79,575 in October 1986 and dropped to 773,306 cars in the first 10 months from 778,709 in the same period last year, the office said during January-October 1986.

Japan was the largest exporter to West Germany. Its share was little changed at 15 percent after 15.1 percent last year. France's share fell to 7.4 percent from 8.1 percent, and Italy's was unchanged at 4.8 percent.

**The Daily Source for International Investors.**

## S&P 100 Index Options

Dec	161.75	162.00	162.25	160.25	160.50
Jan	167.50	171.75	162.00	159.75	160.25
Feb	199.75	140.00	161.00	151.00	158.75
Mar	156.00	156.50	154.00	154.00	155.00
Apr	154.00	154.00	152.00	154.00	152.50
May	151.50	152.50	152.75	152.50	151.50
Jun	148.50	152.50	N.T.	N.T.	147.00
July	148.50	152.50	N.T.	N.T.	147.00
Aug	144.00	154.00	N.T.	N.T.	145.00

Volume: 4,350 lots of 100 tons.

Sources: Reuters and London Petroleum change.

Central Jersey	22	26	17
Cheshire Fnd	22	26	17
Connecticut Nat Gs	22	26	17
Contin'l Illinois	22	26	17
Cranes Co	22	26	17
Delta Natural Gs	22	26	17
Detroit Edison	22	26	17
Entertain Pubcins	22	26	17
Excelsior Inc Shrs	22	26	17
First Charter Bnd	22	26	17
Harold Stm Boller	22	26	17
MTS Systems Corp	22	26	17

**Toshiba to Import U.S.-Made Goods**

A company spokesman said Toshiba would import an initial 500 microwave ovens in January. Toshiba America Inc. No number of television sets has been decided.

The International Herald Tribune assumes no responsibility whatsoever for any advertisements for offerings of any kind.

Profit Up

550 Pence

Over MK Elec

BAAP

IBM Plan

Dome Deal Se

Mark: Biggest T

AMERICAN EXPRESS C



# BUSINESS ROUNDUP

## Bayer Profit Up 7.6% for 9 Months

LEVERKUSEN, West Germany — Bayer AG, the chemicals group, said Tuesday that pretax profit rose 7.6 percent in the first nine months of 1987 to 2.41 billion Deutsche marks (\$1.45 billion), from 2.24 billion DM a year earlier. Group sales for the period declined 4.3 percent, to 28.15 billion DM from 29.42 billion in the first nine months of 1986.

A 7.3 percent drop in sales attributed to the mark's rise in value against other currencies was partly balanced by a 3.0 percent rise in sales volume, the company said.

Hermann Strenger, the company's managing board chairman, said he expected profit to reach a record in 1987 and that the 1988 outlook was favorable despite the collapse of world stock prices.

Mr. Strenger said he expected group pretax profit to rise between 5 and 7 percent in 1987 from last year's record figure of 3.3 billion DM. The dividend on 1987 results will probably be unchanged from the 10 DM paid in 1986, he said.

The first of West Germany's "Big 3" chemical concerns to report for the nine months, Hoechst AG, said last week that pretax

profit for the period rose 8.9 percent to 2.2 billion DM, on a rise in revenue of 9.5 percent to 27.22 billion. BASF AG, the third, has not reported.

Mr. Strenger said the points, organic chemicals, inorganic chemicals, coating raw materials and polyurethane sectors contributed to the rise in earnings. Profits in the photographic and pharmaceutical sectors were steady, and polymers failed to reach the earnings level of the same period in 1986.

Continuing difficulties in agriculture had a severe impact on earnings, he said.

## VOLVO: Dollar Creates Pressure to Produce in U.S.

Continued from first finance page



It wouldn't be possible for us to find a replacement for the U.S. market.

P. Gyllenhammar

instability in world financial markets to the U.S. budget and trade deficits.

"No one really knows what's causing it, and no one really has any control," he said. "I see a complete abdication from power from almost every one of the world's players."

Although sales have yet to reflect new consumer attitudes, Mr. Gyllenhammar said, Volvo is "seeing signs" of what may lie ahead in the reduced traffic on dealers' showrooms floors.

Like those of other world automakers, Volvo's share price has suffered with the stock market turmoil, declining more than 30 percent since Oct. 16.

In addition, Volvo's own investment portfolio has declined by 22 percent in value from its peak in September to about 8 billion kronor.

Nevertheless, Mr. Gyllenhammar said that Volvo was well positioned to take advantage of lower stock prices as it searches for food industry acquisitions.

He said Volvo had not been involved in bidding for the food operations of Beatrice Cos. of the United States, but was watching closely "to see what kind of prices they charged."

Volvo has 21 billion kronor available for acquisitions. It will add \$393 million to that sum by the end of the year when it completes the sale of its 49.6 percent stake in Hamilton Oil Corp. in the United States. The sale was announced last month.

In 1986, Volvo's food operations, mostly in Sweden, accounted for 8.63 billion kronor, or about 10 percent of the Volvo group's total sales.

of a third Swedish plant is to be completed next year. In addition, Volvo Car BV, in which Volvo has a 30 percent share, produces two Volvo models in Born in the Netherlands.

Because of October's stock plunge, Mr. Gyllenhammar said there was "no real chance we'll have a growth market" in 1988. But the U.S. economy was due for a slowdown in any case within the next year or two, he asserted.

However, he challenged the popular wisdom laying current

## RTZ Bids 550 Pence a Share To Take Over MK Electric

LONDON — RTZ Corp., the British holding company, said Tuesday it was making a 550 pence (£9.90) per-share cash offer for MK Electric Group, valuing the company at £206.5 million (\$368.4 million).

In a statement, RTZ said MK Electric would be a logical extension of the business of its RTZ Pinar Ltd. subsidiary, as both are major suppliers to the construction market.

RTZ Pinar has interests in engineering, aircraft components and products made primarily of aluminum, steel, glass and wood.

RTZ holds a 14.9 percent stake in MK Electric.

MK Electric executives were not available for comment. MK Electric shares were quoted at 554 pence in morning trading, up 140 pence since Monday.

The RTZ statement said that its own industrial interests, as opposed to metals and energy, contributed 60 percent of the group's 1986 net attributable profit of £244.8 million. Construction related products represented a significant part.

MK Electric, based in north London, had net attributable profit of £12.1 million on revenue of £140.9 million for its fiscal year ending March 28.

RTZ is seeking a meeting with the board of MK Electric to discuss the offer, the RTZ spokesman, David Liddington, said. Preliminary talks, which were inconclusive, were held about six months ago, he added.

RTZ said it intended to retain all of MK Electric's activities. Overall, job prospects within MK Electric would be enhanced by the acquisition, it added.

Sales in Western Europe, which accounted for almost 60 percent of total revenue, were barely changed. Sales in North America fell 12 percent if calculated in marks but rose 7 percent to \$4.3 billion, if measured in dollars. About 90 percent of U.S. sales were locally produced, meaning that the dollar's drop in value had little impact on U.S. activities.

Helmut Loeber, a managing board member, said new accounting rules would depress Bayer's per-share earnings in 1987. He said 1987 earnings per share were expected to drop to about 31.50 DM from 43 DM in 1986 because of the new method of calculation.

Last year's earnings would have to be revised down to the 31.50 DM as well, if one used the new method, he said.

Chemical firms have changed the accounting procedure to comply with new West German and European Community rules that require the companies to calculate earnings per share by the total number of shares at year-end, rather than the average number of shares for the full year.

## U.S. Developers Sell Major Paris Office Project

LOS ANGELES — Kaufman & Broad Home Corp. says it has sold its Atlantic City Montparnasse commercial development project, currently under construction in Paris, to Kowa Real Estate Co. of Japan for \$372 million.

The company said Monday that the sum would be paid over four years beginning in 1988. It said that the profit would be shared equally with its French partner in the project, Groupement Foncier Français.

Preliminary development of the project began in August, Kaufman & Broad said.

It said the project was the largest commercial development program in Paris in the last decade and would include 770,000 square feet (about 70,000 square meters) of office and commercial space on 15 acres (6 hectares) in the heart of the city.

## BAA Profit Climbs 26% to £136 Million

LONDON — BAA PLC, a recently privatized company that manages seven British airports, said Tuesday that pretax profit rose 26 percent to £136 million (\$243 million) in the six months to Sept. 30 from £108 million a year earlier. Revenue rose 17 percent, to £307 million from £262 million. The results were in line with market expectations.

BAA shares dropped 3 pence to 110.5 after the results were announced.

The company, which was called the British Airports Authority until it was sold to the public in July, reported expanding business and said the trend would continue despite the world stock market slump.

It said its airports at Heathrow, Gatwick and Stansted, serving London, and its four airports in Scotland handled 5.7 million passengers in October, 14 percent more than in October 1986. Cargo traffic rose by 10 percent, it said.

BAA said the stock market slump could have some impact on traffic for the remainder of the financial year.

But, it said, "The underlying strength of the business is such that profit for the full year is expected to reflect the growth seen in the first half of the financial year."

The government sold 500 million shares in BAA to the public for a total of £1.3 billion. On its first day of trading in July, the stock closed at 142 pence, up from its partly paid price of 100 pence.

BAA's flotation followed the successful privatizations of a number of British state-run companies, including British Airways PLC, British Gas PLC, British Telecom PLC and the aero-engine maker Rolls-Royce PLC.

But a sale of the government's remaining 31.5 percent stake in British Petroleum Co. and an issue of new shares in the company, which came after the stock market crisis, flopped.

At more than £7 million, the BP sale was the biggest in European stock market history.

## NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING OF PANCURRI INC.

Is due to take place on 4th December 1987 at 231, Val des Bains, Luxembourg, commencing at 2.00 p.m.

- The meeting will have the following agenda:
- (1) Election of a Chairman of the Meeting.
  - (2) Election of a Secretary to the Meeting.
  - (3) The Directors' Report.
  - (4) Presentation of the accounts to 30th June 1987 with the auditor's report.
  - (5) Discharge to the Directors and the Managers.
  - (6) Election of Directors.
  - (7) Discharge to the Auditors.
  - (8) Election of Auditors.
  - (9) Approval of the remuneration of the Directors and the Auditors.

SAVINE MANAGEMENT COMPANY S.A.  
as Managers of Pancurri Inc.

DIRECTOR

## IBM Plans Supercomputer Program

ZURICH — IBM Europe said Tuesday it would spend \$40 million in the next two years to help assemble a European-wide "supercomputing" program embracing at least five universities and research institutes.

The program will cover the establishment of support centers, educational facilities and the exchange of software and learning materials, it said.

As part of the program, IBM will give the institutions 25 of its most modern computers.

"If Europe wants to remain competitive, then it must do everything to train young scientists and engineers who have experience in the use of supercomputing," said C. Michael Armstrong, the president of IBM Europe, the European arm of International Business Machines Corp.

Supercomputers, which can perform many thousands of operations simultaneously, are used in sectors of science and technology in which very rapid answers are required to complicated problems.

The first center will be the Centre National Universitaire Sud de Calcul, or CNUSC, in Montpellier in southern France.

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## Amoco-Dome Deal Seen Near Completion

### Accord Would Mark Biggest Takeover in Canadian History

By John F. Burns  
New York Times Service

TORONTO — After seven months of legal wrangling and secret negotiations, Amoco Corp. appears close to wrapping up the biggest corporate takeover in Canada's history.

The buyout of Dome Petroleum Ltd. by Amoco's Canadian subsidiary for \$4.2 billion, in U.S. funds, would create a new giant in the oil and gas industry in Canada and further consolidate the strong position of U.S. companies in the Canadian industry.

Last week, Amoco Canada Petroleum Co. added \$230 million to the offer it had made for Dome in April, breaking an impasse with Canada's largest banks. The banks, which hold the bulk of Dome's \$2.6 billion in secured loans, had rejected

Amoco's offer and backed a court battle by the Bank of Montreal to have the bidding reopened.

After the new bid, all but one of the banks accepted the new terms, and the last holdout, the Royal Bank of Canada, was widely expected to follow suit.

As a result, the gloom that had pervaded the headquarters of Amoco Canada and Dome in Calgary, Alberta, has begun to lift. For Amoco, completion of the deal would more than triple its assets in Canada. Amoco Canada would become one of the top three oil and gas companies in Canada, along with Imperial Oil Ltd., Standard Oil's Canadian unit, and the state-owned Petro-Canada Inc.

For Dome, the deal would mean the end of a five-year struggle to avoid being dragged into bankruptcy. The company had taken on the largest debt ever incurred by a Canadian company, now totaling nearly \$5 billion.

After announcing the company's newest offer, T. Donald Stacy, the American president of Amoco Canada, was reluctant to declare victory. That fight has been contested not only by the banks but by rival bidders and by politicians who oppose further sell-offs in the Canadian oil and gas industry, which is already about 50 percent American-owned.

Mr. Stacy said that winning the support of the banks was a crucial step toward completion of the transaction, which still requires approval from unsecured creditors, from shareholders and from Invest-

ment Canada, the government agency that reviews foreign takeovers.

Discussions with the agency have been under way for months. "We're certainly over the major hurdle," Mr. Stacy said.

Opinions differ on the deal Amoco has made. Some analysts worry about the debt burden the company would be assuming, even though that would be scaled down by the terms announced last week, which would give secured creditors cash and debt securities worth 95.4 cents on the dollar and unsecured creditors a similar package worth 45 cents on the dollar.

The original Amoco offer had been worth 88.5 cents on the dollar to secured creditors and 35.7 cents to unsecured creditors. Both classes of creditors had threatened to upset the earlier deal in the courts.

## ADVERTISEMENT

### MAKITA ELECTRIC WORKS LTD. (CDRs)

Referring to its advertisement of 2nd June, 1987 the undersigned announces that the deposited property of the will containing the shares, 99 of the CDRI Makita Electric Works, Ltd. has been sold. As from 24th November 1987 the dividends, 39 will be payable in cash with Dfls. 40,777 per CDR, rep. 50 sh. and with Dfls. 814,440 per CDR, rep. 1,000 sh.

Further the undersigned announces that as from 24th November, 1987, a Van-Associatie N.V. div. of 20 sh. 40 (represented by an "Affidavit") of the CDRI Makita Electric Works, Ltd. will be payable with Dfls. 20,777 per CDR, rep. 50 sh. and with Dfls. 407,777 per CDR, rep. 1,000 sh. (div. per share: 20.02.1987; from 1st Jan. 1988, after deduction of 15% Japanese tax: Yen 61.30 = Dfls. 25 per CDR, rep. 50 sh. and Yen 1,226 = Dfls. 500 per CDR, rep. 1,000 sh.)

Without an Affidavit 20% Japan tax = Yen 50. = Dfls. 12.27 per CDR, rep. 50 sh. and Yen 1,000 = Dfls. 25.40 per CDR, rep. 1,000 sh. will be deducted.

After 30.09.1987 the div. will only be paid under deduction of 20% Japan tax with Dfls. 4.75 net per CDR, rep. 50 sh. and with Dfls. 95.00 net per CDR, rep. 1,000 sh., in accordance with the Japanese tax regulations.

AMSTERDAM DEPOSITORY COMPANY N.V.  
Amsterdam, 18th November 1987.

## SAS Continues Talks On Possible BCal Bid

STOCKHOLM — Scandinavian Airline System said Tuesday that it was too soon to announce terms for any bid it might make for British Caledonian PLC but that talks were continuing.

Sources said that SAS, which is 50 percent-owned by the governments of Norway, Denmark and Sweden, was interested in acquiring a 40 to 50 percent stake in the British airline. An offer from SAS would compete with British Airways PLC's bid last week of £147 million (\$263 million).

After announcing the company's newest offer, T. Donald Stacy, the American president of Amoco Canada, was reluctant to declare victory. That fight has been contested not only by the banks but by rival bidders and by politicians who oppose further sell-offs in the Canadian oil and gas industry, which is already about 50 percent American-owned.

Mr. Stacy said that winning the support of the banks was a crucial step toward completion of the transaction, which still requires approval from unsecured creditors, from shareholders and from Invest-

## ECU MULTIPLACEMENT SOCIÉTÉ D'INVESTISSEMENT À CAPITAL VARIABLE

### AVIS AUX ACTIONNAIRES CONVOCATION

Nous vous prions de bien vouloir assister à l'Assemblée Générale Ordinaire de "ECU MULTIPLACEMENT", Société d'Investissement à Capital Variable, qui aura lieu au siège social, 10A, Boulevard Royal, Luxembourg, le Mercredi 2 Décembre 1987 à 15 heures et qui aura l'ordre du jour suivant :

- (1) Recevoir et adopter le rapport de Gestion du Conseil d'Administration pour l'exercice clos au 30 Septembre 1987.
- (2) Recevoir et adopter le rapport du Commissaire pour l'exercice clos au 30 Septembre 1987.
- (3) Recevoir et approuver les Comptes annuels pour l'exercice clos au 30 Septembre 1987.
- (4) Affectation du bénéfice de la Société.
- (5) Donner quittance aux Administrateurs et au Commissaire pour l'accomplissement de leur mandat jusqu'au 30 Septembre 1987.
- (6) Renouveler le mandat des Administrateurs et du Commissaire pour un terme d'un an devant expirer à la prochaine Assemblée Générale Ordinaire des Actionnaires.
- (7) Divers.

Les actionnaires sont convoqués au registre des actionnaires à la date de l'Assemblée avant midi à voter ou à donner procuration en vue du vote. Les procurations doivent parvenir au siège social au moins 24 heures avant la réunion.

La présente convocation et une formule de procuration ont été envoyées à tous les actionnaires inscrits au 19 novembre 1987. Des formules de procuration sont disponibles sur demande au siège social de la Société.

Pour avoir le droit d'assister ou de se faire représenter à cette Assemblée, les Propriétaires d'Actions au porteur doivent avoir déposé leurs titres cinq jours francs avant l'Assemblée au Siège Social de la Société, soit aux Cochenes d'un Etablissement Bancaire.

Pour le Conseil d'Administration,  
J. F. PISON  
Secrétaire Général

## ADVERTISEMENT

### MATSHITA ELECTRIC INDUSTRIAL CO., LTD. (CDRs)

The undersigned announces that a formal agreement has been signed to merge Matsushita Electric Industrial Co., Ltd. and Matsushita Electric Trading Co., Ltd. The name of the new company will be Matsushita Electric Industrial Co., Ltd. The press release and the non-consolidated financial results for the first six months ended September 30, 1987 are available at the office of the undersigned.

AMSTERDAM DEPOSITORY COMPANY N.V.  
Amsterdam, 19th November 1987.

## ADVERTISEMENT

### AMERICAN EXPRESS COMPANY (CDRs)

The undersigned announces that as from 26th November 1987 at Kva-Associatie N.V., Spoorstraat 172, Amsterdam, div.-opdracht 42 of the CDRI American Express Company, each rep. 5 shares will be payable with Dfls. 1.56 net (div. per share: 0.10.1987; from 30.10.1987, after deduction of 15% USA tax: Dfls. 0.23 net per CDR, rep. 5 shares) and with Dfls. 0.23 net (div. per share: 0.10.1987; from 30.10.1987, after deduction of 15% USA tax: Dfls. 0.23 net per CDR, rep. 5 shares) and with Dfls. 1.56 net (= 0.10 = Dfls. 0.23 with Dfls. 1.36 net).

AMSTERDAM DEPOSITORY COMPANY N.V.  
Amsterdam, 19th November 1987.



Organized under the patronage of the Commission of the European Communities and the supervision of Arthur Andersen & Co., S.C.

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The world-wide computer real time simulated stock and option trading contest, organized by CONSOLIDA Financial Services (Switzerland) from December 7, 1987 till February 12, 1988, will answer this question. This project is the most recent advanced computer training simulation already tested by over 30,000 individuals.

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The list of the Top 100 will be printed in major international publications.

For additional information and instant registration, please follow the instructions below in order to use the computerized system offered by Consolida via GE-Information Services worldwide network.

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- Dial the appropriate phone number among the ones listed below, i.e. the one nearest to your location.
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The new Britannia from The Royal Mint





# Tuesday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High	Low	Stock	Div. Yld. PE	52 High	Low	Close	Out. Chg.
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+

12 Month High	Low	Stock	Div. Yld. PE	52 High	Low	Close	Out. Chg.
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+

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120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+

12 Month High	Low	Stock	Div. Yld. PE	52 High	Low	Close	Out. Chg.
120	110	ABT	1.33	24	20	22	+
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120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+

12 Month High	Low	Stock	Div. Yld. PE	52 High	Low	Close	Out. Chg.
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120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+

12 Month High	Low	Stock	Div. Yld. PE	52 High	Low	Close	Out. Chg.
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+

## INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 24th Nov 1987

12 Month High	Low	Stock	Div. Yld. PE	52 High	Low	Close	Out. Chg.
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+

12 Month High	Low	Stock	Div. Yld. PE	52 High	Low	Close	Out. Chg.
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+

12 Month High	Low	Stock	Div. Yld. PE	52 High	Low	Close	Out. Chg.
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+

12 Month High	Low	Stock	Div. Yld. PE	52 High	Low	Close	Out. Chg.
120	110	ABT	1.33	24	20	22	+
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120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+

## AMEX Highs-Lows

12 Month High	Low	Stock	Div. Yld. PE	52 High	Low	Close	Out. Chg.
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+

## Hawke Recommends 2 Airline Major Bank for Privatization

CANBERRA, Australia — Prime Minister Bob Hawke on Tuesday recommended Australia's two public airlines and a major bank's privatization.

He was speaking after the Australian Labor Party caucus passed a motion on privatization. The motion named the international and Qantas, the domestic carrier Australian Airlines and Commonwealth Bank.

Mr. Hawke said the telecommunications company Telecom & Australia Post, which the mail service, would not be considered for privatization.

## Floating-Rate Notes

12 Month High	Low	Stock	Div. Yld. PE	52 High	Low	Close	Out. Chg.
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+

12 Month High	Low	Stock	Div. Yld. PE	52 High	Low	Close	Out. Chg.
120	110	ABT	1.33	24	20	22	+
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120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+

12 Month High	Low	Stock	Div. Yld. PE	52 High	Low	Close	Out. Chg.
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+
120	110	ABT	1.33	24	20	22	+

AS - Australia Dollars; BF - Belgium Francs; C\$ - Canadian Dollars; DM - Deutsche Mark; ECU - European Currency Unit; FF - French Franc; Lfr - Dutch Guilder; Lit - Italian Lira; L\$ - Stock Exchange of London; Sfr - Swiss Franc; Yfr - Yen; A\$ - Australian Dollar; £ - Pound Sterling; \$ - US Dollar; ¥ - Japanese Yen; R\$ - Brazilian Real; R\$ - Argentine Peso; R\$ - Chilean Peso; R\$ - Colombian Peso; R\$ - Costa Rican Colon; R\$ - Cuban Peso; R\$ - Dominican Republic Peso; R\$ - Ecuadorian Dollar; R\$ - El Salvador Colon; R\$ - Guatemalan Quetzal; R\$ - Honduran Lempira; R\$ - Hungarian Forint; R\$ - Indian Rupee; R\$ - Indonesian Rupiah; R\$ - Israeli Sheqel; R\$ - Japanese Yen; R\$ - Korean Won; R\$ - Mexican Peso; R\$ - New Zealand Dollar; R\$ - Norwegian Krone; R\$ - Philippine Peso; R\$ - Polish Zloty; R\$ - Portuguese Escudo; R\$ - Romanian Leu; R\$ - Saudi Riyal; R\$ - Singapore Dollar; R\$ - South African Rand; R\$ - South Korean Won; R\$ - Spanish Peseta; R\$ - Sri Lankan Rupee; R\$ - Swedish Krona; R\$ - Swiss Franc; R\$ - Taiwan Dollar; R\$ - Thai Baht; R\$ - Turkish Lira; R\$ - US Dollar; R\$ - Vietnamese Dong; R\$ - West German Mark; R\$ - Yugoslav Dinar; R\$ - Zambian Kwacha; R\$ - Zimbabwe Dollar.



CURRENCY MARKETS

Dollar Falls, Erasing Rate-Cut Rally

Compiled by Our Staff From Dispatches  
NEW YORK — The dollar closed lower Tuesday after hectic trading in which it shot up after interest rate cuts in Europe but fell as the perception grew that cuts in the U.S. budget deficit will not be enough, dealers said.

In early trading, the dollar leaped to a high of 1.6880 Deutsche marks from 1.6740 DM Monday after West Germany, France and the Netherlands cut key interest rates by a quarter point. But it slipped back to close at 1.6695 DM.

The dollar also fell against the Japanese yen, closing at 134.65, against 134.80 on Monday.

The dollar also fell to 5.6715 French francs from 5.6865 on Monday, and to 1.3700 Swiss francs from 1.3730. The British pound gained ground against the dollar, closing at \$1.7925, against \$1.7840 on Monday.

The dollar had closed higher in Europe. Traders said the West German rate cut, which effectively widened the interest-rate differential between the United States and West Germany, improved the dollar's near-term outlook.

But later in New York, the dollar drifted down when traders learned of remarks made in Bonn by Hans Wertz, a member of the Bundesbank's policy-making central bank council, according to Barclays Bank PLC's vice president for foreign exchange, Robert Hatcher.

Mr. Wertz said that the \$30 billion in cuts planned for this year were not enough to fulfill commitments the United States made to other major industrialized nations in February.

Mr. Wertz's remarks knocked a lot of props out from under the dollar, Mr. Hatcher said.

The cuts had led the market to believe that many Western European countries had given a mild vote of confidence in the deficit cuts. People felt there was a possibility that the dollar would stabilize. But

London Dollar Rates

Currency	Tue	Mon
Deutsche mark	1.6695	1.6740
French franc	5.6715	5.6865
Japanese yen	134.65	134.80
Swiss franc	1.3700	1.3730
British pound	1.7925	1.7840

Wertz's remarks damaged the market's confidence," he said.

Mr. Hatcher predicted the dollar would remain stable throughout Thanksgiving week, but he said that the currency will be tested again next week, when Congress is to take up the deficit proposal.

Tuesday marked the first time in six trading sessions that the dollar closed higher on all major European exchanges.

In London, the dollar closed more than 2 pence higher, at 1.6680 DM, against 1.6680 on Monday, and at 135.50 Japanese yen, up from 134.65.

The dollar also closed at 1.3845

Swiss francs, up from 1.3705 on Monday, and at 5.7201 French francs, up from 5.7205.

The dollar was also stronger against the British pound, which fell to \$1.7725 from \$1.7905 on Monday.

London dealers and economists said they were waiting to see whether Congress insists on any changes in the plan to cut \$76 billion from the U.S. budget deficit over the next two years, particularly to the planned tax rises.

News Tuesday that the U.S. gross national product rose at a revised annual rate of 4.1 percent in the third quarter was in line with expectations and had little effect on currency markets, dealers said.

Earlier in Europe, the dollar was fixed in Frankfurt at 1.6830 DM, up from 1.6667 on Monday, and in Paris at 5.7085 French francs, up from 5.6640.

The dollar closed in Zurich at 1.3835 Swiss francs, up from 1.3639.

(Reuters, UPI)

Taiwan to Speed Rise in Currency

TAIPEI — Taiwan will allow a faster appreciation of its currency against the U.S. dollar to help reduce its trade surplus with the United States, the central bank governor, Chang Ching-cheng, said Tuesday.

He said the bank would reduce its intervention on the interbank market to allow the Taiwan dollar to reach a more accurate rate of exchange with the U.S. currency. He declined to say whether the new policy resulted from U.S. pressure.

An assistant U.S. Treasury secretary, David C. Malford, accused Taiwan and South Korea last week of keeping their currencies undervalued by administratively fixing the exchange rate. The Taiwan dollar opened higher Tuesday at 29.57 against the U.S. dollar after closing at 29.62 Monday.

Japan Spurns Demands To Stimulate Economy

TOKYO — Japan will not heed foreign demands to boost its economy following last week's agreement to cut the huge U.S. budget deficit, senior officials said Tuesday.

Both Finance Minister Kiichi Miyazawa and the governor of the Bank of Japan, Satoshi Sumita, made it clear that Tokyo had no plans for any changes in its economic policies following the U.S. budget pact.

Prime Minister Margaret Thatcher of Britain urged Japan and West Germany last week to stimulate their economies to take up the slack in global growth that is likely to result from the U.S. budget cuts.

The Reagan administration and congressional leaders have decided to cut the U.S. budget deficit by \$76 billion over two years. Economists have said that there could be a world economic slowdown by Tokyo and Bonn fail to act.

But Mr. Miyazawa said that Japan had already taken action to stimulate its domestic economy by easing its tight grip on the government's budget.

In a separate news conference, Mr. Sumita reiterated that the central bank had no plans to cut interest rates. Lower rates would stimulate the economy by making it cheaper for Japanese consumers and companies to borrow.

Both men also said they did not anticipate that the United States would press Japan for further action, despite widespread expectations in financial markets that Washington would soon call a meeting of major nations to do just that.

"Given the rebound in Japan's economy, I do not think the United States will make any difficult requests on Japan," Mr. Miyazawa said.

Japan believes that a \$45 billion



Kiichi Miyazawa

Britain Says Trade Gap Expanded

LONDON — Britain's current account deficit widened to a projected £282 million (\$307.6 million) in October from a revised £17 million shortfall in September, the Trade and Industry Department said Tuesday.

The seasonally adjusted merchandise trade deficit was put at £282 million last month after a £617 million shortfall in September, which was revised downward.

Nonmerchandise trade was estimated to be in surplus by £500 million, the same as in September.

Exports fell 2 percent, to £5.7 billion last month from a revised £7.03 billion in September, while imports rose 1 percent to £7.75 billion from a revised £7.65 billion.

Median market forecasts had been for about a £300 million deficit in the current account, which is a measure of trade in goods and services as well as interest, dividends and certain transfers.

Excluding erratic categories, the volume of nonoil exports in the past three months was 4 percent higher than in the previous three months and 8 percent above the year-earlier level.

Imports on this basis were up 5.5 percent from the previous three months and 12 percent higher than in the comparable period in 1986.

The volume index for nonoil exports excluding erratic, with a base of 1980, was 127.8 in October, against 134.6 in September, while the index for imports was 170.7 against 172.1.

The balance of trade in oil in October was in surplus by £386 million, after an upward revised £286 million surplus in September.

Oil exports totaled £698 million while £312 million worth of oil were imported.

RATES: 3 Nations Coordinate Cuts

(Continued from Page 1)  
rates as an excuse for inaction, they said.

The Bundesbank apparently believes that while the latest cut could have a marginal effect in promoting economic activity, there is little more to be achieved by monetary policy, because West German interest rates are already so low.

In Paris, the Bank of France welcomed the interest-rate moves as another example of the close coordination between central banks that led to an increase in French rates, and an easing in West German rates, on Nov. 5.

France has repeatedly made it clear that it wants to reduce interest rates to stimulate its economy, but that it needs matching falls in West German rates to prevent a run on the franc.

Private analysts, however, remained skeptical as to whether the franc's current exchange rate could be defended if the West German interest rate cut failed to relieve upward pressure on the mark.

"It remains to be seen whether the European Monetary System can sustain simultaneous interest rate cuts by West Germany and France," said Brendan Brown, chief economist at the County

NatWest investment bank in London.

France's cut suggested that it would not raise interest rates again to maintain the franc's exchange rate against a strengthening mark, meaning that the mark might have to be revalued, he said.

Mr. Brown and other analysts said that the European interest rate cuts would focus renewed attention on measures Japan might take to boost its economy after the U.S. budget deficit accord.

European officials, however, said that the Bundesbank's move should not be seen in the context of joint action by the Group of Seven leading Western industrialized countries — the United States, Britain, West Germany, France, Japan, Italy and Canada.

If West Germany had intended that Tuesday's interest-rate cuts should be taken as part of a joint Group of Seven strategy, it would have waited until a package was put together at a G-7 meeting, so as not to have to "give twice," they said.

Nevertheless, some analysts said that the European interest rate cuts further reduced the urgency of a G-7 meeting.

Manila Moves to Protect Currency Reserves

MANILA — The Philippines, moving Tuesday to defend its foreign exchange reserves, curbed U.S. dollar trading between banks, eased bank deposit rules for overseas workers and cut purchases of debt paper with foreign exchange.

The new rules were announced as the peso stumbled to a 20-month low of 20.938 to the U.S. dollar from 20.833 despite strong central bank intervention Monday, a Bankers' Association of the Philippines spokesman said.

He said the central bank, which unloaded \$21.5 million to stop the slide Monday, had poured \$139.4 million into the foreign exchange market so far in November, against \$83.8 million in October and \$86.2 million in September.

Foreign exchange reserves fell to a 1987 low of \$39.7 million at the end of October from \$73.58 million a year earlier and \$58.4 million at the end of September.

To curb speculation and dollar hoarding, the bank's policy-making monetary board banned so-called off-floor foreign exchange transactions among commercial banks, the spokesman said.

"All interbank trading in foreign exchange, whether spot or forward, shall be conducted at the forex trading floor of the BAP premises," the monetary board said.

It said erring banks would have their licenses to trade in foreign exchange suspended or revoked.

Bankers have said political uncertainty and a seasonal surge in imports had fueled a scarcity of dollars and led to unofficial dollar sales among some private banks.

The bank also relaxed rules governing foreign currency bank accounts held by Filipinos overseas or their relatives in the Philippines.

It said that overseas workers could now deposit foreign currency notes, coins and travelers' checks in foreign currency accounts.

Bankers said the tight regulation of foreign currency accounts had forced overseas workers to deal on the black market. The dollar was selling at 21.90 pesos on the black market on Monday.

Banks also were barred from using foreign currency deposits to purchase Philippine debt paper, which is currently discounted at 45 percent.

Tuesday's OTC Prices  
NASDAQ prices as of 4 P.M. New York time.  
Via The Associated Press

Stock	High	Low	4 P.M. CHG
IBM	125 1/4	125 1/8	+ 1/8
AT&T	48 1/4	48 1/8	+ 1/8
GE	34 1/4	34 1/8	+ 1/8
Amgen	11 1/4	11 1/8	+ 1/8
Amgen	11 1/4	11 1/8	+ 1/8
Amgen	11 1/4	11 1/8	+ 1/8
Amgen	11 1/4	11 1/8	+ 1/8
Amgen	11 1/4	11 1/8	+ 1/8
Amgen	11 1/4	11 1/8	+ 1/8
Amgen	11 1/4	11 1/8	+ 1/8

AMEX High-Low

Stock	High	Low
IBM	125 1/4	125 1/8
AT&T	48 1/4	48 1/8
GE	34 1/4	34 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8

NEW HIGHS

Stock	High
IBM	125 1/4
AT&T	48 1/4
GE	34 1/4
Amgen	11 1/4
Amgen	11 1/4
Amgen	11 1/4
Amgen	11 1/4
Amgen	11 1/4
Amgen	11 1/4
Amgen	11 1/4

NEW LOWS

Stock	Low
IBM	125 1/8
AT&T	48 1/8
GE	34 1/8
Amgen	11 1/8
Amgen	11 1/8
Amgen	11 1/8
Amgen	11 1/8
Amgen	11 1/8
Amgen	11 1/8
Amgen	11 1/8

Recommend 2 AIB

Stock	High	Low
IBM	125 1/4	125 1/8
AT&T	48 1/4	48 1/8
GE	34 1/4	34 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8

Bank for Privatization

Stock	High	Low
IBM	125 1/4	125 1/8
AT&T	48 1/4	48 1/8
GE	34 1/4	34 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8

Amgen

Stock	High	Low
IBM	125 1/4	125 1/8
AT&T	48 1/4	48 1/8
GE	34 1/4	34 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8

Amgen

Stock	High	Low
IBM	125 1/4	125 1/8
AT&T	48 1/4	48 1/8
GE	34 1/4	34 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8

Amgen

Stock	High	Low
IBM	125 1/4	125 1/8
AT&T	48 1/4	48 1/8
GE	34 1/4	34 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8

Amgen

Stock	High	Low
IBM	125 1/4	125 1/8
AT&T	48 1/4	48 1/8
GE	34 1/4	34 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8

Amgen

Stock	High	Low
IBM	125 1/4	125 1/8
AT&T	48 1/4	48 1/8
GE	34 1/4	34 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8

Amgen

Stock	High	Low
IBM	125 1/4	125 1/8
AT&T	48 1/4	48 1/8
GE	34 1/4	34 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8

Amgen

Stock	High	Low
IBM	125 1/4	125 1/8
AT&T	48 1/4	48 1/8
GE	34 1/4	34 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8

Amgen

Stock	High	Low
IBM	125 1/4	125 1/8
AT&T	48 1/4	48 1/8
GE	34 1/4	34 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8
Amgen	11 1/4	11 1/8

Amgen

Stock	High	Low
IBM	125 1/4	125 1/8
AT&T	48 1/4	48 1/8
GE	34 1/4	34 1/8
Amgen	11 1/4	11 1/8
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Amgen







SPORTS

Fast-Track Entrepreneur Spurs Italy's World Cup

ROME — To you and me and to millions like us, soccer's next World Cup is a far-off horizon.

To players of 112 nations, the roads to the Colosseum are paved with monumental uncertainty. All but two countries go into next month's qualifying draw with Italy '90 a tournament still interminably distant.

Argentina, as champion, and Italy as host automatically qualify. Yet king though Diego Maradona momentarily is (and heir though Gianluca Vialli dreams of becoming), sporting kingdoms can wither overnight and great expectations disappear with the snap of a limb, the swelling of a mind, the distraction of premature fame.

Whoever is destined to star, they would have no stage but for an ever expanding team in Rome, for which Italia '90 is already a living, rewarding, exhausting reality.

Two years ago Luca di Montezemolo became managing director of the Italia '90 organizing committee, the entrepreneur pulling together threads that convert a paper tournament into a gigantic television show for 1.5 billion viewers.

One year ago the World Cup administration was Montezemolo, his secretary and a young assistant. Today 65 men and women, including executives seconded from major Italian industries, run to keep pace with Montezemolo's 12-hour-a-day schedule.

Being British, I see them as Monty's Army (fair enough, now we're on the same side). Montezemolo's campaign, believe me, is all about leadership in the field. As

perhaps only an Italian charmer conversant with international business could, he has already won from FIFA marketing collaborators the independence to alter ground rules without which 1990 would have been a catastrophe.

He has also, with his quick, direct approach to the corporate heads he regards as Italy's commercial backbone, fashioned a

ROB HUGHES

style of administration that links the greed of soccer's grasping hands to something like the nationalistic spirit Peter Ueberroth harnessed at the Los Angeles Olympics.

He ought to be a winner, backed by near-paternal guidance from Fiat's president, Gianni Agnelli, and by political support from Franco Carraro, his immediate boss as president of the committee and Italy's minister for tourism and sport.

Montezemolo is a business prodigy of Agnelli. Born in Bologna 40 years ago, he came to Rome at six, eventually earned a law degree and topped up with a degree in international commercial law at New York's Columbia University.

After that Montezemolo drove Lancias at Monte Carlo and in other rallies. He became personal assistant to Enzo Ferrari, under whom he cut his teeth on sports sponsorship and managed the Ferrari team of Niki Lauda and Ronnie Peterson from 1974-77.

For Agnelli, he has worked as Fiat's external relations manager in advertising-promo-

tion, then with Agnelli's newspaper La Stampa and finally in Geneva as managing director of Cinzano (half-owned by Fiat).

As a sideline he also managed Italy's entry for the 1981 America's Cup challenge.

Montezemolo's past, one shared with men whose instantaneous decisions could flit with fatality, an addiction for speed and style, for risk and challenge.

Soccer? What Italian is not besotted with soccer? Montezemolo's involvement is emotional.

When Carraro suggested he manage Italia '90, Montezemolo accepted on impulse. Meeting FIFA and its marketing partner, the Adidas-owned ISL, he threatened to withdraw unless Italy had the independence to run an Italian World Cup.

"FIFA and ISL have a contract for all the main sponsors," he said. "And I know that in a modern organization we need sponsors like, for example, Coca-Cola."

"But my need is human resources. Coca-Cola offers me only a bottle or a can; I can do nothing with it. Sure it gives me money, but I can get money in Italy. What I cannot get so easily is know-how, technology, organizational ability."

FIFA understood his argument. ISL had to be convinced that his monopoly over display advertising had to be relaxed if Montezemolo was to persuade Italian industry to release top executives until 1990 as part of a \$48 million package subscribed by eight firms.

"My country," Montezemolo points out,

"is not a dictatorship. We cannot in Italy order everything to be done. We have some red tape."

"The stadiums in all 12 cities and towns for '90 are owned by municipal authorities. You have to convince the mayor to improve or rebuild, and repeat the persuasion when the next mayor is elected. With the government changing every three months you have to persuade over and over again."

Nor does Italy have U.S. free enterprise, its volunteer Olympic work force. Italian unions would never, for example, allow students as couriers and drivers.

We dare not contemplate the corruption or the negative neurosis that periodically destroys creativity in Italy's national game.

Negatives are not in Montezemolo's vocabulary. He courts unwarranted risks, Italy's great film directors are brought in to make TV films showing the beauties of her cities — Franco Rosi is filming Naples and Palermo; Franco Zaffirelli is in Florence and Bari; Federico Fellini is negotiating.

Soccer becomes the catalyst toward cultural renaissance. Again at risk, Montezemolo turned to Italy's most controversial artist, Alberto Burri, to design the official poster.

Visiting his home in Citta di Castello in the tranquility of Umbria, one sees why so many are baffled by Burri, who abandoned his medical calling for abstract art. Out of sackcloth, asphalt, plastics come black, often depressing and shapeless works.

His World Cup poster turns out to be a



Luca di Montezemolo, managing director

masterpiece of recognizable symbolism: the Colosseum in negative image, reshaped into a soccer stadium; traffic blacked out; the center field surrounded by brilliant colors, the flags of competing nations.

What relief to those to whom the only connection between sport and art is that a Maradona fetches roughly the same as a Van Gogh.

There will be greater gambles along the road to 1990, but if love of the game and the promised maximum honesty is to the fore, why complain if Italy wants to revitalize the World Cup with splendor and surprise?

Rob Hughes is on the staff of the Sunday Times.

SPORTS BRIEFS

World Records Fall at Chinese Games

BEIJING (Combined Dispatches) — Li Chaoyang set a world record in the men's small-bore free rifle (60 shots, prone) competition Tuesday at the China national games, the official Xinhua News Agency reported. He equaled the record of 600 points in qualifying and collected 105.3 points in the finals for a total of 705.3, surpassing the record of 704.9 set by Petr Kurka of Czechoslovakia in May.

Chinese weightlifters broke world marks for the second straight day Monday. In the 56-kilogram (123.5-pound) class, He Yingming matched 133.5 kilograms, bettering the record of 133 kilos set by Oksan Mirzoyan of the Soviet Union in September 1984. On Sunday, He Zhongqiang set records in the 52-kilogram class by snatching 117.5 kilos to better his own mark and lifting a total of 265.

(AP, AP)

Dutch-Cypriot Rematch Set for Dec. 9

AMSTERDAM (UPI) — The Netherlands and Cyprus will replay their European soccer championship Group Five qualifying match here Dec. 9, officials announced Tuesday.

The match will be replayed because of a smoke-bomb incident in the Oct. 28 game. The Netherlands won, 8-0, but UEFA, European soccer's governing body, awarded victory to Cyprus; the Dutch appealed, and UEFA decreed a rematch behind closed doors. A victory would give the Netherlands the final berth in the 1988 championship finals.

Brown Leads Rams Past 'Skins, 30-26

WASHINGTON (UPI) — Ron Brown scored on a 95-yard kickoff return and a 26-yard pass reception, and Los Angeles converted a fumble recovery and a blocked punt into touchdowns as the Rams registered a 30-26 National Football League victory over the Redskins here Monday night.

In winning two straight for the first time this season, the 3-7 Rams defeated Washington in a regular-season game for the first time since 1969. Charles White, the NFL's leading rusher with 815 yards, gained 112 yards on 35 carries and scored a second-quarter plunge for the Rams. Los Angeles secured the victory when Larry Ivin intercepted a Doug Williams pass tipped by Art Monk in the end zone with 24 seconds left.

U.S. Sports Spending Put at \$47 Billion

NEW YORK (AP) — Americans spent \$47.2 billion last year on sports and athletic gear and apparel to the construction of golf courses to buying tickets for events — up 7 percent from the previous year, according to a survey.

Sports spending amounted to more than 1 percent of the nation's gross national product last year, making sports the 25th largest sector comprising the GNP. Sports ranks just below autos and well above the petroleum and coal products components of the GNP, according to the study. The figures are reported in the initial issue of the publication Sports Inc.

Included in "the gross national sports product" is the \$15.1 billion spent on equipment and clothing, \$3.6 billion on advertising, \$3.1 billion on admissions to events and \$2.7 billion on legal gambling. Cited as reasons for the 7 percent growth rate were increases in admissions to professional and amateur events, corporate sponsorship and gambling, and a boom in construction of athletic facilities.

VANTAGE POINT/Scott Ostler

It Wasn't the Soviets Who Walked Out

Los Angeles Times Service  
LOS ANGELES — Being a regional snob, I find my pride hurt when some other part of the country out-L.A.s Los Angeles.

We are, for example, the drive-through capital of the world — banks, burger joints, photo stands, dairies, dry cleaners. But some genius in Florida not long ago beat us to the first drive-through funeral parlor, giving new meaning to the term jack-in-the-box. And now we've been outdone at one of our specialties by Bob Knight, Indiana's basketball dictator.

One thing at which Los Angeles natives have always excelled is leaving ballgames early. But now we're small-timers compared to Knight. At an exhibition basketball game against the Soviet national team Saturday night in Bloomington, Indiana, Knight not only left the game early, he took his whole team with him.

He got three technical fouls, and when the refs ordered Knight to leave the gym early in the second half, he did — with his team. He crooked his index finger and the players followed him obediently. The Soviets left the Hoosiers, 66-43, at the time, and that was the final.

It's not clear exactly what was said when Bob Knight and the Pips took a hike. The exchange probably went something like this:

Knight: "Gosh, comrades, it's getting late, and my kids have early classes. We've really got to run, so we can catch last call at the campus malt shop. Let's do this again some time. Thanks for having us over."

Russian Coach: "But this is your gym, no?"

Knight: "Oh, right, right. Well, make yourselves at home. Don't worry about sweeping the floor, we have a man who comes in. The bath towels are in the hall closet. Help yourself to the Gatorade, and turn out the lights."



Indiana's Bobby Knight, restrained by an assistant coach, letting the ref hear it one more time.

Were the Soviet visitors offended? Nobody knows, because the coach wouldn't talk to the press and wouldn't let his players talk. They are part of a repressive, totalitarian regime. It's modeled after Knight's.

Knight issued an apology Sunday. Said he: "I apologize to our fans." Now, examine that closely. Notice anything missing? Like maybe an apology to the Soviet team?

The Indiana fans don't need an apology. They love this kind of stuff. If they go to a game and Knight doesn't throw a chair or slap one of his own players around, the fans figure they got cheated. It's like going to watch John McEnroe when all he does is play tennis.

How did Knight's superiors at the university react? Silly question. He doesn't have any.

By Michael Wilton  
Washington Post Service

NEW ORLEANS — They've taken the paper bags off their heads and uncovered their eyes here because the Saints, finally, are definitely worth watching, even if the head coach is still not a true believer.

Through their first 20 years in the National Football League, the Saints had been the model of failure. Bad players, poor draft picks, executive-level incompetence — New Orleans had it all, which is to say it had nothing. It is the only club in the league that has never made the playoffs or had a winning season. That, apparently, is about to change.

Following Sunday's victory over the defending Super Bowl champion New York Giants, the Saints are 7-3 and only a game behind San Francisco in the National Conference West. It's the best record the team's ever had.

Coach Jim Mora says he knew the team had to feel it could compete against the best good teams. "We're at a point now where we're starting to feel that way," he said. "But there have been some flashes in the past, and I don't want the Saints to be a flash in the pan."

It took the Saints 20 years to win a fourth straight game, which they did on Sunday, and New Orleans — a city that needs scant reason to party — is making a fool of itself over the team. Sunday's victory set off a Mardi Gras-style celebration that started on the sideline and then moved onto Bourbon Street.

"What we've done," said veteran nose tackle Tony Elliott, "is raise the possibility of hope, when before there was no hope."

Hope came in 1986 when the new owner, Tom Benson, named Jim Finks president and general manager. Finks then hired Mora as head coach.

Finks had been the primary architect of successful rebuilding jobs in Minnesota in the 1960s and Chicago in the '70s. Most knowledge-

able observers knew that all he needed was time to run the draft his way (an emphasis on linemen first) to build a perennial playoff team.

The book on Mora was that he would work until he dropped and so would his players. His Philadelphia/Baltimore Stars of the USFL won two league championships between 1983 and 1985.

Mora, 52, comes off publicly as boring, and hates it when Benson dances on the sideline when the Saints win. When Benson extended an invitation to a victory party Sunday, Mora firmly declined.

"He's a serious guy on-field," said right end John Tice. "When he says it, he doesn't back down."

Said Elliott: "We still don't like him. We respect him, but it's hard to like a man whose job it is to tell you to like him. He's always bawling, hollering, but you have to admire him because the results are showing us."

He's a guy on-field, said Elliott. "I really think the level of detail has something to do with it."

By now, the players have at least gotten used to Mora's ways. The team finished 7-9 last year, when a lot of the grouching for the coaches was laid. Mora is naturally getting a lot of the credit, but he tries to deflect attention and has

opened. I would guess, no continuity and roles of authority not being clearly defined really hurt...."

Everything is defined, to the minute, under Finks and Mora. "Everybody's got players and everybody works hard," said Elliott. "I really think the level of detail has something to do with it."

The Saints had some top-notch players, such as Elliott, defensive end Bruce Clark and all-pro line-backer Ricky Jackson. But former coaches Bum Phillips, Dick Nolan and Hank Stram had good players and the Saints hadn't won more than they lost.

Many people around the league thought shipping out most of the players, not shaping them up, was the answer. Finks and Mora have jettisoned quite a few, but Finks

"It's hard to figure out what went wrong unless you were here," Finks said. "You could probably look at each administration and pinpoint certain things that hap-

"We can't stick our heads in the sand and say we're not good or we don't have a chance, because we do. In any city whose team has been down, the people see a light at the end of the tunnel and interpret it as being through the tunnel. What we're saying is that we see some light, but we're certainly not through the tunnel yet."

—Jim Finks, president and general manager.

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SCOREBOARD

Football

NFL Standings

AMERICAN CONFERENCE	East	West
Buffalo	5-5	0-10
Indianapolis	5-5	0-10
Washington	5-5	0-10
New England	5-5	0-10
N.Y. Jets	5-5	0-10

NATIONAL CONFERENCE	East	West
Washington	5-5	0-10
Dallas	5-5	0-10
Philadelphia	5-5	0-10
St. Louis	5-5	0-10
N.Y. Giants	5-5	0-10

Monday's Results	Nov. 24
Kansas City at Detroit	10-14
Atlanta at Cincinnati	14-10
Cincinnati at N.Y. Jets	14-10
Cincinnati at N.Y. Jets	14-10
Cincinnati at N.Y. Jets	14-10

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College Top-20 Polls

College Top-20 Polls	Nov. 24
Alabama	1-1
Alabama	1-1
Alabama	1-1
Alabama	1-1
Alabama	1-1

College Top-20 Polls	Nov. 24
Alabama	1-1
Alabama	1-1
Alabama	1-1
Alabama	1-1
Alabama	1-1

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Alabama	1-1
Alabama	1-1
Alabama	1-1

College Top-20 Polls	Nov. 24
Alabama	1-1
Alabama	1-1
Alabama	1-1
Alabama	1-1
Alabama	1-1

College Top-20 Polls	Nov. 24
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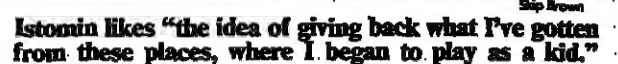


## *Tears Amid the Ruins*

"Cut the crocodile tears," counseled my wife as I came to a dead halt behind a truck triole-marked

"Bad taste," I said, sensing that the market crash had failed its duty to New York. Sour grapes? Nonsense. It comes from a man who was making \$7,500 a year before he was 30. And remember, the dollar was worth more in those days.

# Reviving the Whistle-Stop Piano Tour



The itinerary reads like a Rand McNally index — averaging three or four appearances a week over four months, covering 15 Eastern and Southeastern states. The pianist will travel with his tuner by car. He will also be accompanied by two favorite pianos — a mellow one for recitals and a more brilliant one for orchestral engagements — equipped with the old-fashioned ivory keys he pre-

Harold Shaw, Istomin's manager, who is generally optimistic about the recital business, speculates that the size of present-day auditoriums may be the problem.

Organized audience associations, as well as the growing numbers of independent sponsors,

call to keyboards: "I'd like to say to all the pianists of the world: Hertz and Avis have rental trucks available, and all you have to do is rent one, put a piano on it, and you can manage very well."

York, singer **Joan D'Arby** presented a special "Founder's Award" to **Costeau**, who has produced more than 50 films for television based on his oceanographic studies. A special directorate award went to **Jenny Jones**, who joined **England's Channel 4** as its founding chief executive in 1981 after a long career as a program maker and executive with the BBC and ITV. The winner in the children's programming category was "Degrassi Junior High," a show made in Toronto that focuses on the pain and joys of adolescence. Its producers, **Linda Schreyer** and **Kir Hood** accepted

**INTERNATIONAL CLASSIFIED**

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## International Business Message Center

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